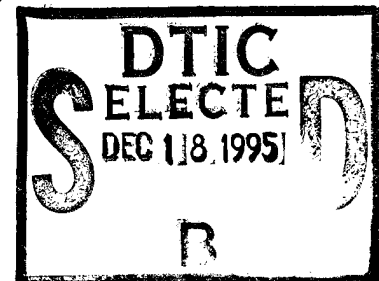
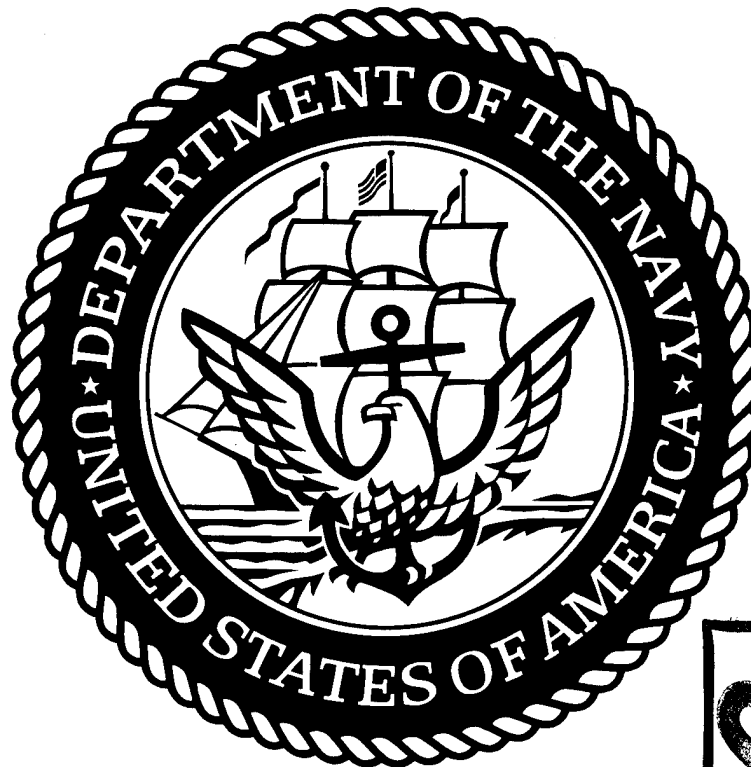


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*Highlights of the
Department of the Navy
FY 1996/FY 1997 Biennial Budget*



February 1995

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TABLE OF CONTENTS

Section I - Introduction

Overview	1 - 1
Appropriation Summary FY 1994 - 1997	1 - 7
Derivation of FY 1995 Estimates	1 - 9
Budget Composition	1 - 12
Resource Trends	1 - 14

Section II - Readiness Indicators

Significant Force & Manpower Factors	2 - 1
Fleet Operational Tempo	2 - 4
Ship and Aircraft Depot Maintenance	2 - 6

Section III - Appropriation Details

Military Personnel, Navy and Marine Corps	3 - 1
Reserve Personnel, Navy and Marine Corps	3 - 3
Operation and Maintenance, Navy	3 - 5
Operation and Maintenance, Marine Corps	3 - 12
Operation and Maintenance, Navy Reserve	3 - 14
Operation and Maintenance, Marine Corps Reserve	3 - 16
Aircraft Procurement, Navy	3 - 17
Weapons Procurement, Navy	3 - 20
Shipbuilding and Conversion, Navy	3 - 24
Other Procurement, Navy	3 - 27
Procurement, Marine Corps	3 - 30
Research, Development, Test and Evaluation, Navy	3 - 33
Military Construction, Navy and Naval Reserve	3 - 36
Family Housing, Navy and Marine Corps	3 - 38
National Defense Sealift Fund	3 - 41
Base Realignment and Closure Accounts	3 - 43

Section IV - Civilian Personnel

Civilian Personnel	4 - 1
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Section V - Financial Summary

Financial Summary	5 - 1
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SECTION I

INTRODUCTION

OVERVIEW

The purpose of this document is to provide a summary of the Department of the Navy's FY 1996/FY 1997 budget to assist the members and staff of the Congress in their review of the President's request. The budget supports the readiness and sustainability requirements that allow the Department to engage and prevail in two nearly simultaneous major regional conflicts; satisfies overseas presence objectives necessary to the Nation's continuing global interests; and supports our preparation to conduct such humanitarian and other contingency operations as we are assigned. It also addresses the harsh realities of the likely cost for meeting these goals, both now and in the future.

In 1994, much attention was focused on the remarkable ability of INCHON Amphibious Ready Group to sail for Haitian waters within 96 hours of call, just 12 days after its return from a six-month deployment off the coast of Somalia, making it the fastest redeployment of our amphibious forces in the Nation's history. Our amphibious forces were on-station off the Somali coast throughout much of the past year, ensuring a secure environment for United Nations relief operations. In March, two sea-based Marine Expeditionary Units covered the withdrawal of in-country U.S. forces and Marines and are expected to be called upon soon to cover the withdrawal of remaining U.N. forces. Navy and Marine Corps Carrier Battle Groups were frequently called upon in support of contingencies, from the Adriatic Sea, to the Persian Gulf, to the Sea of Japan. Carrier Battle Groups provided contingency support in the Persian Gulf in response to Iraqi threats to Kuwait and support for possible contingencies on the Korean Peninsula. In Bosnia, Navy air wings from AMERICA, SARATOGA, and GEORGE WASHINGTON as well as Marine squadrons ashore provided peace enforcement by maintaining no-fly zones. In addition to Navy and Marine Corps fighter / attack aircraft, a Marine aerial refueling squadron, military police unit, a Navy Fleet Hospital, and on-call Search and Rescue forces supplied vital support to United Nations forces.

In the Caribbean, Navy surface combatants and amphibious ships, aircraft, and Marine expeditionary forces responded to a mass seaborne exodus from both Cuba and Haiti. Operations consisted of interdicting, transporting, and processing migrants, and operating support facilities for over 40,000 refugees and the U.S. Naval facility at Guantanamo, Cuba. Democracy was restored to Haiti through the multinational enforcement of United Nations sanctions. Participation of the Navy-Marine Corps team peaked with over 11,000 personnel and 24 warships involved in command and control support, show of force operations, and delivery of occupation forces. The Navy also continues to provide counterdrug support in the Caribbean. During FY 1994, this support included over 21,000 flight hours and 2,800 ship days.

Our naval forces have also provided quick reaction to a variety of other international crises and domestic disasters. For example, PELELIU was on station in the Indian Ocean to support the extraction of diplomats from Rwanda. Marines of the 1st Marine Expeditionary Force provided firefighting teams in the Pacific Northwest. Marines also assisted state and local authorities during the massive flooding in Georgia. In December, Navy surface combatants responded to a distress call from the burning cruise liner Achille Lauro. While our ships were enroute to the scene, LAMPS helicopters were launched to transfer badly needed food, water, blankets and medical supplies. Upon arrival, our ships brought approximately 200 survivors aboard to assist their return to port. All of these demands on our Navy and Marine Corps personnel demonstrate that the national commitment to readiness, especially the immediate availability of our naval forces, must remain our top budget priority.

Our achievement of these efforts the past fiscal year was not without hardship. Because of contingencies and execution experience, it was necessary to reprogram resources from procurement programs and deferrable activities within our operating accounts (such as depot maintenance, facility maintenance, and stocks of supply and equipage). Even so, we had to reduce flying of non-deployed forces below acceptable levels and reduce underway operations for non-deployed forces. Although we received Congressional approval for reprogrammings and supplemental appropriations to cover shortfalls caused by expanded operational requirements, the funds were received too late to recover lost training opportunities. For FY 1995, we are seeking expedited approval of reprogramming requests as well as emergency supplemental appropriations to avoid the impacts on readiness these continuing requirements otherwise would have on our operating accounts. Without timely action to provide compensatory funding for programs reduced to finance

contingency operations, our combat readiness and future military capabilities will be compromised.

For FY 1996 and beyond, we have paid close attention to ensuring that our near-term capabilities are fully maintained. Although funding requested for FY 1996 does continue to decline from prior levels, resources have been shifted to near-term programs. People are the key to readiness. In order to improve overall readiness, the Department is committed to providing the best possible quality of life for our people and their families. Accordingly, we have emphasized financing of housing, construction, and operation of base facilities that directly contribute to the morale of our Sailors and Marines and their families. This budget also includes military pay raises of 2.4% effective 1 January 1996 and 3.1% effective 1 January 1997.

To protect our people, we are also trying to stay within our PERSTEMPO target of maximum deployments of six months and a two-to-one turnaround ratio between deployments. Given our significantly reduced force levels and the growing call for naval forces in contingency operations, we are finding that operating within this target is increasingly difficult. We learned in the 1970s that sustained high PERSTEMPO rates result in an inability to retain quality personnel. To address this potential problem, we have decided to retain additional FFG-7s to bolster our force structure.

In order to maintain high levels of readiness, our people also need to be trained. Areas of particular note include:

- Aircraft Flying Hour Program: In order to ensure we can meet our traditional 85 percent Primary Mission Readiness goals, we have committed additional funding for Navy and Marine aviation operations. This is necessary in order to avoid the stand-down of aviation squadrons as was necessary in FY 1994 due to emergent requirements requiring higher-than-budgeted operational maintenance costs.
- Ship Operations: Due to the unusually high incidence of contingency operations in FY 1994, ship operations were conducted at a level of 55 days per quarter for deployed ships and 30 days per quarter for non-deployed ships. Our FY 1996 and FY 1997 budget for ship operations fully funds the traditional level of 50½ days per quarter for deployed ships and 29 days per quarter for non-deployed ships.

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- Marine Corps: Operating force and training budgets for the Marine Corps are among the few areas we have provided with real growth in funding. These forces are on first-call for most contingency responses. There is no latitude to allow for continued reductions in O&M funding as in recent years.

In taking action to ensure our readiness is fully supported in the near-term, we apportioned some additional risk to mid-term and long-term readiness areas. Ship depot maintenance and aircraft rework programs have been funded at levels proven to be manageable without impacting ship deployments or requiring the grounding of aircraft. In each of these areas, we will monitor and adjust individual program requirements to ensure our more immediate needs can be accommodated in execution.

Over the long-term, our strategy continues to be based on a strong reliance on future recapitalization, to be made possible by success in achieving efficiencies in all aspects of Departmental operations. This budget reflects an emphasis on aggressive reduction of infrastructure and support costs in the following areas:

- Base Realignment and Closure (BRAC): Our budget includes approximately \$3.9 billion in investments in FY 1996 and FY 1997 necessary to accomplish our base closure program. The timely accomplishment of our base structure drawdown is the linchpin in the affordability of our currently planned force structure.
- Defense Business Operations Fund (DBOF) Activities: Revenues have been set at DBOF activities to recover all costs, including an adjustment for prior year gains or losses. Losses at closing DBOF activities have not been included in rates, but rather we have included \$700 million in the FY 1996 O&M budget to finance these losses directly. We will continue to work to improve our estimates of costs and revenues at these activities. More importantly, we will aggressively seek cost reductions through the improved utilization of these activities after completing the BRAC process and through other management initiatives designed to constrain the costs of operation.

- Civilian Manpower: Our civilian staffing continues to decline in consonance with infrastructure downsizing due to reduced force levels. Also reflected in our budget are additional reductions in civilian manpower based on efficiencies we expect to achieve from our implementation of innovative ideas based on "National Performance Review" recommendations. FY 1996 end strength will be 240,000, down from 269,000 projected for FY 1994. By FY 2001, civilian employment will be down to 209,000, the lowest level since World War II.
- Private Sector: The defense industrial base continues to shrink under our procurement program. We are supporting only minimal sustainment in our nuclear and strategic industrial base, the shipbuilding industry, and among the naval aircraft producers. Consolidation of military hardware providers and elimination of dual sourcing when procurement quantities fall continues to provide savings beyond previously budgeted and programmed levels.
- Acquisition Reform: Acquisition reform enables us to adopt commercial practices, products, and technology, which in turn allows us to reap the benefits of rapid insertion of advanced technology at a lower cost. We continue to concentrate on removing barriers to using commercial products and technologies. Best commercial practices must be applied in all of our programs to ensure that we get systems with the performance, quality, and reliability at an affordable price. Our budget includes savings of over \$1 billion through FY 2001 resulting from acquisition reform.

The budget also supports a continuing priority on technology to benefit Naval forces of the future. Research and Development funding continues to support a robust science and technology program, which is absolutely critical to future success with a smaller force. The Department's recapitalization strategy will field technologically superior forces. In our commitment to science and technology, we have integrated technology development, from scientific research through prototyping. We have focused our efforts to rapidly insert affordable new capabilities into acquisition programs. Development efforts are fully supported for our next-generation acquisition programs, including F/A-18 E/F, V-22, and the New Attack Submarine. We are fully engaged in joint efforts in stand-off weapons and next-generation aircraft technology. We must preserve our technological lead if we are to win future wars.

Procurement funding reaches the bottom of its decline in FY 1996, but critical programs needed to sustain necessary force levels are fully supported. The third SEAWOLF Class submarine is funded in FY 1996, and must be approved both to fulfill an important military requirement and to provide a production bridge to the less costly New Attack Submarine. It is a multi-mission platform that combines state-of-the-art sensors and weapons delivery systems, allowing it to project power ashore while dominating the surface and undersea battlespace. AEGIS platform acquisition continues, with two funded in FY 1996 and three provided for in FY 1997. Final quantities of F/A-18 C/D series aircraft are funded in FY 1996. After FY 1996, our recapitalization program becomes increasingly more robust in each fiscal year, as procurement of those next-generation weapons systems is initiated. The President's initiative to increase the Defense topline, especially in the later years of the FYDP, will further enhance investment in our forces of the future.

This Highlights Book provides a summary of the FY 1996/FY 1997 budget and brief discussions of each appropriation. Additionally, an explanation of changes in FY 1995 is provided, along with information on the composition of the budget, significant force and manpower factors, and selected data on maintenance, readiness, and civilian personnel. Detailed budget estimates and exhibits are provided separately.

APPROPRIATION SUMMARY FY 1994 - FY 1997

Table 1 summarizes the Department of the Navy (DON) estimates for the FY 1996 / FY 1997 biennial budget submission, by appropriation.

The total direct program estimates of \$75.8 billion in FY 1996 and \$75.7 billion in FY 1997, reflect the continued decline in resource levels from previous years. In real terms, after normalizing for price escalation, the DON budget decreases by 7.6 percent in FY 1996 and 3.0 percent in FY 1997.

Table 1

Department of the Navy
FY 1996/FY 1997 Budget Summary by Appropriation
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
Military Personnel, Navy	18,546.5	17,569.2	16,930.6	16,337.0
Military Personnel, Marine Corps	5,732.4	5,774.9	5,877.8	5,956.2
Reserve Personnel, Navy	1,591.4	1,401.8	1,348.2	1,322.9
Reserve Personnel, Marine Corps	344.1	348.7	361.8	372.9
Operation and Maintenance, Navy	20,853.9	21,328.6	21,225.7	20,254.5
Operation and Maintenance, Marine Corps	1,902.5	2,069.4	2,269.7	2,285.0
Operation and Maintenance, Navy Reserve	757.3	831.3	826.0	864.7
Operation and Maintenance, Marine Corps Reserve	91.2	82.0	90.3	95.3
Aircraft Procurement, Navy	5,488.8	4,599.8	3,886.5	6,885.2
Weapons Procurement, Navy	2,947.6	2,083.4	1,787.1	1,714.3
Shipbuilding and Conversion, Navy	4,195.2	6,574.5	5,051.9	3,941.6
Other Procurement, Navy	2,894.7	3,274.3	2,396.1	3,124.4
Procurement, Marine Corps	442.9	418.2	474.1	687.9
Procurement of Ammunition, Navy and Marine Corps	--	414.8	--	--
Research, Development, Test & Evaluation, Navy	8,191.4	8,694.7	8,204.6	7,716.9
Military Construction, Navy	668.1	399.3	488.1	460.5
Military Construction, Naval Reserve	24.4	22.7	7.9	9.1
Family Housing, Navy and Marine Corps	1,142.7	1,205.1	1,514.1	1,453.8
National Defense Sealift Fund	1,540.8	699.4	974.2	913.4
Base Closure and Realignment	784.5	1,438.5	2,082.3	1,305.3
Payment to Kaho'olawe	1.3	63.7	26.0	15.0
TOTAL	78,141.7	79,294.3	75,823.0	75,715.9

DERIVATION OF FY 1995 ESTIMATES

Table 2 displays a track of FY 1995 appropriation estimates since the submission of the FY 1995 President's Budget. Since then, a number of changes have occurred including a budget amendment reflecting revised General Services Administration user fees, resulting in a net increase of \$711.4 million to the Department's Total Obligational Authority (TOA). The highlights of these changes follow.

Congressional adjustments resulted in a net increase of \$173.0 million, to the Military Personnel and Operation and Maintenance (O&M) accounts. Major increases included an additional \$80 million to partially provide for a 2.6 percent pay raise for military personnel and a 2.0 percent pay raise plus locality pay for civilian personnel. Additionally, \$70 million was also added to the Operation and Maintenance accounts to fund additional real property maintenance and \$131 million was provided to reduce depot maintenance backlogs.

The FY 1995 current estimates for O&M also reflect a proposed reprogramming of \$72 million to partially fund shortfalls in the Department's flying hour program and an additional \$12 million due to an increase in the expense / investment threshold from \$25,000 to \$50,000. The source of funds for those transfers already identified in the budget is assets in WPN and OPN. Additional sources to fully finance operating account requirements will be identified in a future reprogramming action.

Congressional action resulted in a net increase of \$570.2 million to the Procurement and Research and Development appropriations. The transfer of \$1.2 billion of FY 1994 Unobligated Budget Authority from the National Defense Sealift Fund (NDSF) to the Shipbuilding and Conversion, Navy (SCN) appropriation for the procurement of CVN-76 makes up the largest part of the increase. In addition, other increases include \$29.0 million in Procurement Marine Corps for additional Night Vision equipment and training devices; \$29.8 million in Other Procurement, Navy for intelligence, command support and training support equipment. Increases in the Research and Development, Test and Evaluation, Navy (RDTEN) appropriation include \$47.0 million for Ship Self-Defense and \$87.8 million for Industrial Preparedness.

These increases are offset by a general reduction for Procurement Reform of \$112.1 million, a reduction of \$210 million to R&D aviation-related programs, \$66.2 million for Consulting Services and \$77.3 million for University Research programs. Other reductions include \$158.6 million in the Aircraft Procurement, Navy related to F/A-18 non-recurring and ancillary equipment, F-14 modernization and E-2C cost savings. Adjustments to SCN include a \$162 million reduction to the CVN-76, and \$37 million to the DDG-51 program. Reductions in WPN and PMC are primarily due the transfer of ammunition to the new Procurement of Ammunition, Navy and Marine Corps of \$414.8 million.

Final Congressional action on the Military Construction and Family Housing/Construction accounts resulted in an increase of \$221.3 million, primarily in Family Housing to reflect the transfer of responsibility for Oahu.

Funding for Base Closure and Realignment has been reduced by \$350 million due to the continuing need to rebalance BRAC resources among the Defense components to ameliorate the impact of the FY 1994 rescission. Also, \$38.8 million was transferred from the BRAC III to the BRAC II account, to finance emergent Navy program.

The estimate for the Payment to Kaho'olawe account increased by \$63.7 million to reflect transfers of additional prior year unobligated balances.

The proposed FY 1995 Emergency Contingency Supplemental of \$474.5 million is shown for information purposes only. The purpose of the Supplemental is to finance unfunded costs for contingency operations during FY 1995. It provides for imminent danger pay, family separation allowances, foreign duty pay, incremental fleet operating costs, and logistics support of deployed forces. Specific details related to the supplemental are addressed under separate cover, and are not reflected in the estimates elsewhere in this document. Timely approval of the supplemental is, however, essential to the achievement of FY 1995 programs described in the following portions of this summary.

Table 2

Department of the Navy
FY 1996/FY 1997 Budget Summary
Derivation of FY 1995 Estimates

	FY 1995 President's Budget	Congress Adjust.	Transfers	Other Changes	FY 1995 Current Estimate
Military Personnel, Navy	17,581.0	-11.8	--	--	17,569.2
Military Personnel, Marine Corps	5,778.6	-3.7	--	--	5,774.9
Reserve Personnel, Navy	1,392.4	9.4	--	--	1,401.8
Reserve Personnel, Marine Corps	353.9	-5.2	--	--	348.7
Operation and Maintenance, Navy	21,227.2	29.6	71.8	--	21,328.6
Operation and Maintenance, Marine Corps	1,918.4	151.0	--	--	2,069.4
Operation and Maintenance, Navy Reserve	827.8	3.5	--	--	831.3
Operation and Maintenance, MC Reserve	81.5	0.5	--	--	82.0
Aircraft Procurement, Navy	4,786.3	-191.1	4.6	--	4,599.8
Weapons Procurement, Navy	2,400.0	-259.2	-57.4	--	2,083.4
Shipbuilding and Conversion, Navy	5,585.4	989.1	--	--	6,574.5
Other Procurement, Navy	3,319.4	-26.1	-19.0	--	3,274.3
Procurement, Marine Corps	554.6	-136.4	--	--	418.2
Procurement of Ammunition, Navy and Marine Corps	0.0	414.8	--	--	414.8
Research Development, Test & Evaluation, Navy	8,934.7	-240.0	--	--	8,694.7
Military Construction, Navy	320.5	78.8	--	--	399.3
Military Construction, Naval Reserve	2.4	20.3	--	--	22.7
Family Housing, Navy and Marine Corps	1,082.9	122.2	--	--	1,205.1
National Defense Sealift Fund	608.6	90.8	--	--	699.4
Base Realignment and Closure	1,827.3	--	-38.8	-350.0	1,438.5
Payment to Kaho'olawe	--	--	--	63.7	63.7
TOTAL	78,582.9	1,036.5	-38.8	-286.3	79,294.3
Emergency Contingency Supplemental	--	--	--	--	474.5

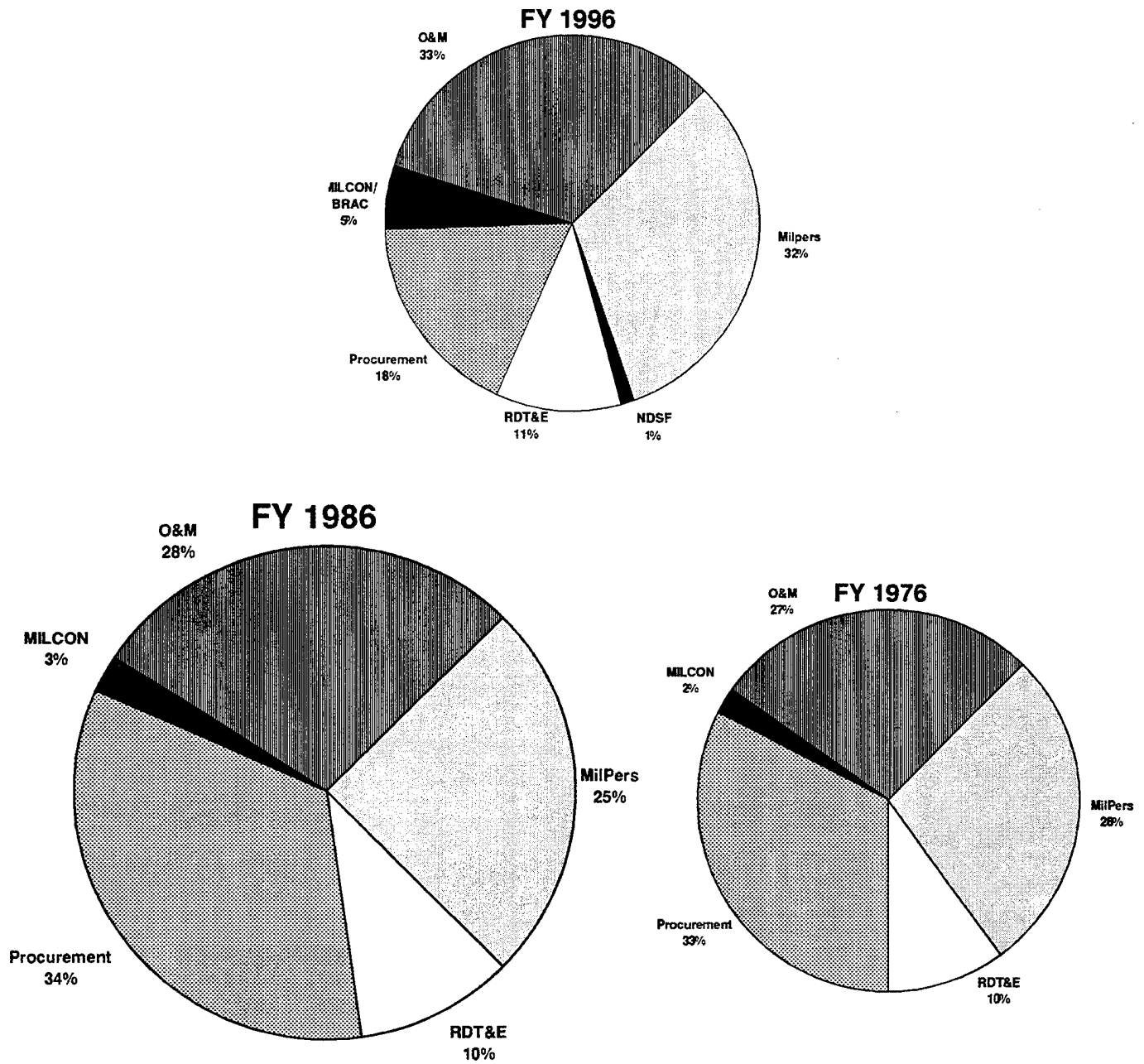
BUDGET COMPOSITION

The composition of the FY 1996 budget as compared to FY 1986 and FY 1976 is shown in the pie charts that follow. Both the compensation of military personnel and funding for the day-to-day operations of Navy and Marine Corps activities have substantially increased as a percentage of total DON resources and will account for over 63 percent of the total in FY 1996. The share of resources devoted to procurement is substantially lower than that of the previous two decades. In FY 1996, procurement accounts for only 20 percent of the budget. To maintain our technological edge, Research, Development, Test, and Evaluation remains funded at the historical level of approximately 11 percent of the budget.

The charts graphically display the current emphasis on operational priorities and the Department's action demonstrated in this budget to protect near-term readiness. The traditional point of balance for Naval forces has been very near an even split between funding today's operations and investment for tomorrow's forces. In FY 1986, with resources 66 percent above current levels and a significantly larger force, the operational share of resources totaled 53 percent. This is in sharp contrast to our current budget, which if continued over the long term would result in investment below the level necessary to sustain even our far smaller future force. Until our investments in base closure and other aggressive infrastructure reduction efforts return dividends, operating accounts will require higher proportions of DON resources to achieve mandatory readiness levels.

FY 1976 resource levels, adjusted for inflation, are more closely comparable to current levels than the peak defense spending of the mid-1980's. The FY 1976 chart shows a resource distribution for a period that has become known as the "hollow-force" decade. Although reflecting an apparent balance between operations and investment, the near-equivalent resource totals supported vastly different forces. In FY 1976, the Department was attempting to support 36 percent more ships and 19 percent more Sailors and Marines. We have avoided a repeat of the 1970's scenario today through our temporary dedication of a greater proportion of resources to near-term readiness. For achievement of readiness in the long-term, however, we must rely on our aggressive "rightsizing" efforts to allow for a return to an appropriate balance between force and support structure and recapitalization of Naval forces.

Chart 1
Composition of Budget Estimates



Pie charts are proportionally sized in constant FY 1996 dollars.

RESOURCE TRENDS

Charts 2 and 3 graphically display the resource trends of the final two decades of the 20th Century. Chart 2 reflects the build-up during the 1980's, peaking in FY 1985, when the Department was provided with almost twice the TOA currently budgeted. Funding remained at robust levels for the balance of the decade, though the diminution of our procurement program began. Since then, global realities have dictated a need for change, and current fiscal resources reflect that reality. As the Department continues to "rightsize" and shed its infrastructure (Chart 3), the periods FY 1994 through FY 1996 reflect the priorities of funding near-term readiness. In FY 1997 and beyond, the trends reflect the beginning of recapitalization of naval forces of the future. Research, Development, Test and Evaluation remains funded at historical levels through the FYDP, ensuring our technological edge.

Chart 2

Historical Trendlines FY 1982 - FY 1991 (in constant FY 96 dollars)

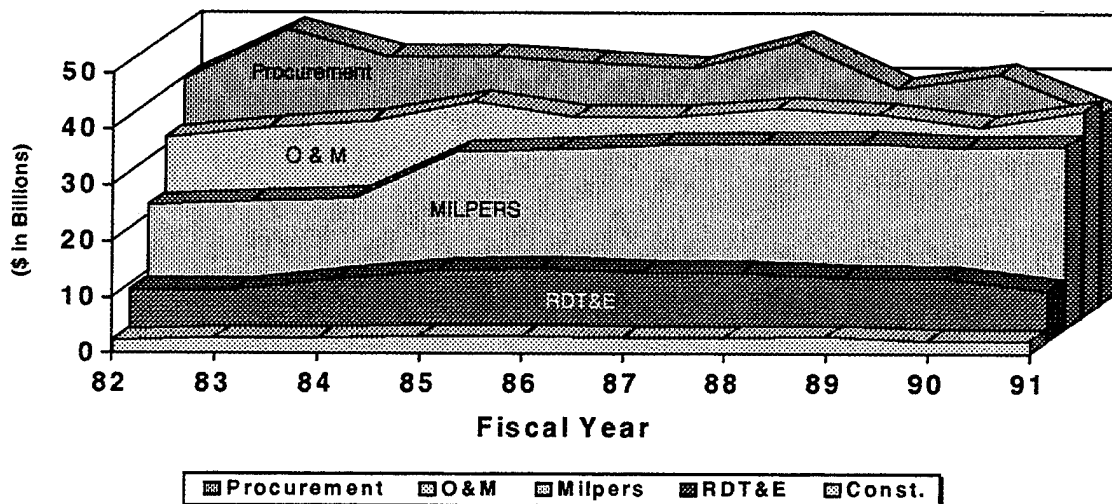
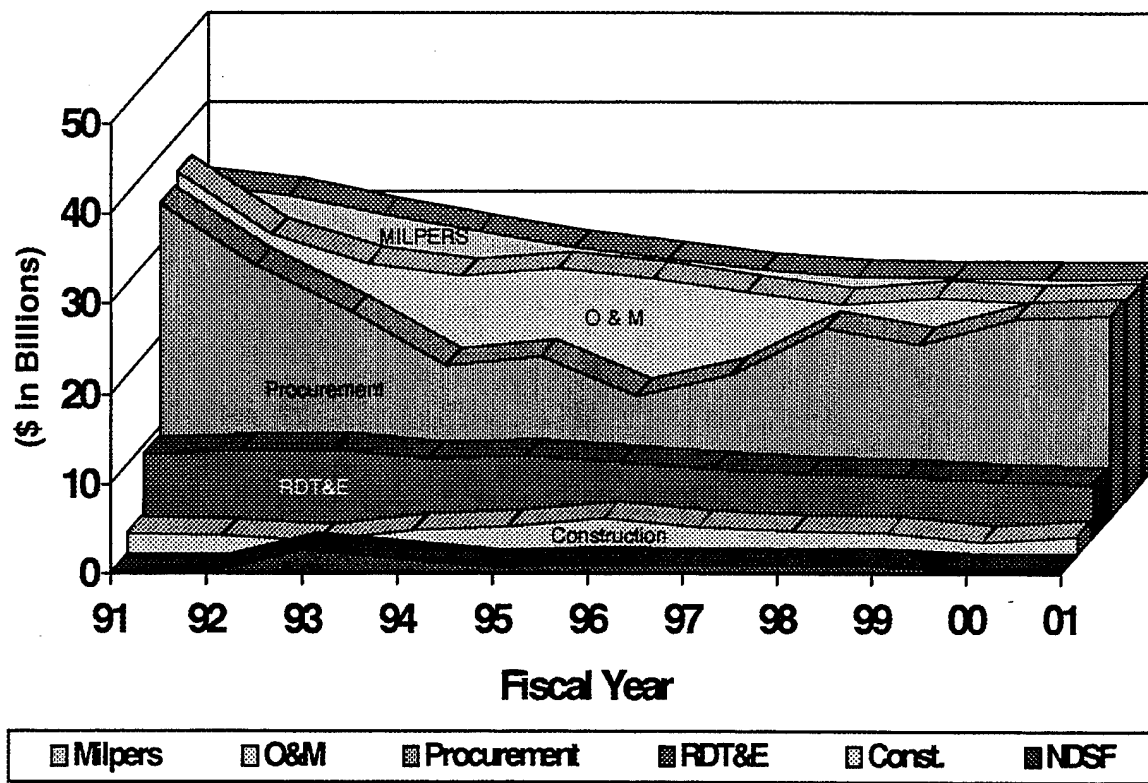


Chart 3

Current Trendlines FY 1991 - FY 2001 (in constant FY 96 dollars)



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SECTION II

READINESS INDICATORS

SIGNIFICANT FORCE AND MANPOWER FACTORS

The size of the deployable Battle Force continues to decline throughout the budget years, reflecting a changed global threat and a corresponding decline in defense resources. The budget provides for a deployable Battle Force of 365 ships by the end of FY 1996, and 358 ships by the end of FY 1997. Twenty-two ships joining the Battle Force in FY 1996 are comprised of 14 new construction and eight conversions. The 14 new ships consist of one nuclear aircraft carrier, six AEGIS guided missile destroyers, one TRIDENT submarine, three nuclear attack submarines, including the first SEAWOLF submarine, one amphibious dock landing ship, and two Military Sealift Command (MSC) charter oilers. The conversions consist of two AE's that will join the MSC as T-AE's, one mine control ship (converted LPH) that will join the Naval Reserve Force, two T-LKAs to address vehicle lift deficiencies, and three T-ATs. There are eight ships joining the Battle Force in FY 1997 consisting of six new construction and two conversions. The six new ships include four AEGIS guided missile destroyers, one amphibious assault ship, and one TRIDENT submarine. The conversions consist of two T-AEs. The addition of these units during FY 1996 and FY 1997 will be offset by the decommissioning of 30 ships in FY 1996 and 15 ships in FY 1997. Strategic Sealift forces remain constant through the budget years.

The Department will maintain ten active Navy air wings and one reserve Navy air wing in FYs 1996 and 1997. The number of Marine Corps air wings remain constant at three active and one reserve. The Navy will decommission two Navy A-6 squadrons, one F-14 squadron, one P-3 squadron and one helicopter combat support squadron in FY 1996 and four A-6 squadrons and four F-14 squadrons in FY 1997. Additionally, two Navy EA-6B squadrons will stand-up in FY 1996 and two Navy EA-6B squadrons will stand-up in FY 1997.

In keeping with the Department's Total Force initiative, the reserve operational carrier, USS JOHN F. KENNEDY (CV-67), will be ready for fleet service in FY 1996. The Naval Reserve Force ship count will consist of 18 Battle Force ships in FY 1996 / FY 1997. Additionally, in support of the Total Force initiative, two helicopter squadrons will

be integrated with active squadrons to provide airborne mine countermeasures (AMCM) capability. The deactivation of 1 Marine A-4 squadron has been accelerated to FY 1995.

The Marine Corps continues to serve as the nation's combined-arms force-in-readiness, and remains capable of rapidly responding to global contingencies in support of our national strategy. We continue to maintain three active and one reserve Marine Corps Divisions. These forces are currently being tailored to ensure future supportability of enduring missions with a more streamlined fighting force.

Table 3 summarizes the significant force and manpower factors.

Table 3
**Department of the Navy
Significant Force and Manpower Factors**

	FY 1994	FY 1995	FY 1996	FY 1997
Battle Force Ships	(391)	(373)	(365)	(358)
Aircraft Carriers	12	11	11	11
Fleet Ballistic Missile Submarines	18	16	17	18
Surface Combatants	111	113	116	119
Nuclear Attack Submarines	88	84	80	73
Amphibious Ships (2.5 MEB lift)	43	39	42	42
Combat Logistics Ships	47	43	41	41
Patrol/Support/Mine Warfare	56	48	40	36
Reserve Operational Carrier	0	1	1	1
Reserve Ships	16	18	17	17
Strategic Sealift	(18)	(18)	(18)	(18)
Prepositioning Ship	1	1	1	1
Maritime Prepositioning Ships	13	13	13	13
Aviation Logistics Support Ships (T-AVB)	2	2	2	2
Hospital Ships (T-AH)	2	2	2	2
Tactical Air Forces	(14/3)	(13/2)	(13/2)	(13/2)
Air Wings (Active/Reserve) - USN	11/2	10/1	10/1	10/1
Air Wings (Active/Reserve) - USMC	3/1	3/1	3/1	3/1
Marine Corps Divisions	(4)	(4)	(4)	(4)
Active	3	3	3	3
Reserve	1	1	1	1
Active MILPERS (End Year)	(642,820)	(613,200)	(602,000)	(583,400)
Navy	468,662	439,200	428,000	409,400
Marine Corps	174,158	174,000	174,000	174,000
Reserve MILPERS (End Year)	(148,338)	(141,710)	(140,608)	(138,402)
Navy	107,627	100,710	98,608	96,402
Marine Corps	40,711	41,000	42,000	42,000
Civilian Personnel	(269,100)	(254,154)	(240,677)	(230,658)
Navy	250,809	235,771	222,456	212,424
Marine Corps	18,291	18,383	18,221	18,234

FLEET OPERATIONAL TEMPO

The aircraft flying hour program provides 85% / 87% (active / reserve) Primary Mission Readiness to train and maintain qualified aircrews in the primary mission of their assigned aircraft in FY's 1996 and 1997. The budget reflects the Department's plan to reprogram funds to achieve these goals in FY 1995. This operational tempo (OPTEMPO) supports ten active carrier wings and one reserve Navy air wing and three active and one reserve Marine Corps air wings and aviation components of the 1st Marine Expeditionary Brigade (MEB).

For FY 1996 and FY 1997 deployed and non-deployed ship operations are budgeted as in prior years, with carrier battle groups deploying in worldwide operating areas. OPTEMPO goals of 50.5 underway days per quarter for deployed forces and 29 underway days per quarter for non-deployed forces are maintained. Budgeted deployed Fleet OPTEMPO support is considered the minimum necessary to meet global forward deployed operational requirements and overseas presence commitments as directed by the unified Commanders in Chief. Non-deployed Fleet OPTEMPO support provides primarily for the training of fleet units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, refresher training, and various other training evolutions. Non-deployed Fleet OPTEMPO levels are considered the minimum required for maintaining a combat ready and rapidly deployable force. Within the naval reserve, average OPTEMPO for forces assigned will be 18 days per quarter. USS John F. Kennedy will operate at 31 days per quarter.

Fleet OPTEMPO is summarized in Table 4.

Table 4**Department of the Navy
Fleet Operational Tempo****Aircraft - Flying Hour Program**

Active Forces	FY 1994	FY 1995 ^{1/}	FY 1996	FY 1997
Primary Mission Readiness (%) ^{2/}	83	85	85	85
Fleet Readiness Squadrons (%)	93	100	100	100
Fleet Support (%)	86	85	85	85
Reserve Forces				
Primary Mission Readiness (%) ^{3/}	87	87	87	87

^{1/} Requires reprogramming to meet this goal^{2/} Includes 2% Simulator Contribution^{3/} Includes .25% Simulator Contribution**Ships - Steaming Days Per Quarter**

Active Forces	FY 1994	FY 1995	FY 1996	FY 1997
Deployed	55.8	50.5	50.5	50.5
Non-deployed	32	29	29	29
Reserve Forces				
Reserve Operational Carrier	--	--	31	31
Other NRF	18	18	18	18

SHIP AND AIRCRAFT DEPOT MAINTENANCE

Active Forces Ship Depot Maintenance. The budget satisfies approximately 94% of requirements in FY 1996 and 88% of the requirements in FY 1997. The decrease in funding in FY 1996 reflects a decrease in the number of overhauls (from ten, including the CVN-69, to eight), a change in the number and mix of the restricted and technical (RA / TA) availabilities, and a substantial decline in DBOF rates. The decrease in the Depot Operations Support program in FY 1996 reflects reduced requirements for part of the Fleet Modernization Program (FMP).

Active Forces Aircraft Depot Maintenance. The budget funds Aircraft Depot Maintenance in FY 1996 / 1997 at a manageable backlog level of 100 airframes and 250 engines. FY 1996 and FY 1997 reflect a substantial decline in DBOF rates, adjustments in consonance with declining force structure and incorporation of recent execution experience within the requirements determination model.

Summary resources and program data associated with these maintenance programs are displayed in Table 5.

Table 5

Department of the Navy
Ship and Aircraft Depot Maintenance
(In Millions of Dollars)

Active Forces Ship Depot Maintenance

	FY 1994	FY 1995	FY 1996	FY 1997
Ship Depot Maintenance	1,729.3	2,385.7	2,261.2	1,985.2
Depot Operations Support	676.6	920.1	758.3	818.9
Total: Ship Maintenance	2,405.9	3,305.8	3,019.5	2,804.1
No. of Ship Overhauls (Units)	7	10	8	6
Ship Overhaul Backlog (Units)	0	0	0	0
Estimated No. of RA/TA (Units)	98	88	100	91

Active Forces Aircraft Depot Maintenance

	FY 1994	FY 1995	FY 1996	FY 1997
Airframes	276.1	453.6	290.2	330.4
Engines	169.9	192.6	167.3	174.6
Components	30.5	34.9	32.0	34.8
Total: Aircraft Depot Maintenance	476.5	681.1	489.5	539.8
Airframes Backlogged	82	100	100	100
Engines Backlogged	322	250	250	250

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SECTION III

APPROPRIATION DETAILS

MILITARY PERSONNEL, NAVY AND MARINE CORPS

Navy - The Military Personnel, Navy budget of \$16,930.6 million in FY 1996 and \$16,337.0 million in FY 1997 will support an end strength of 428,000 in FY 1996 and 409,400 in FY 1997. Navy's primary focus continues to be quality of life and maximum readiness through selective retention of qualified and experienced personnel. This budget reflects continued use of the Voluntary Separation Incentive/Special Separation Benefit (VSI/SSB) program and the use of the 15-year retirement incentive to meet end strength and force shaping objectives as the Navy continues to downsize. These force shaping tools have enabled the Department to reduce the Top Six enlisted pay grade structure and return to the level considered appropriate for a higher technology Navy. Fluctuations in the amounts for pay and allowances for officers and enlisted are also incorporated to reflect net overall changes in end strength reductions from year to year.

Marine Corps - The Military Personnel, Marine Corps budget of \$5,877.8 million in FY 1996 and \$5,956.2 million in FY 1997 will support a steady end strength of 174,000 which is the Base Force level for the Marine Corps. Beginning in FY 1996, the budget reflects full funding of the Voluntary Separation Incentive (VSI) unfunded liability for members who accepted VSI prior to January 1, 1993. The budget also reflects fluctuations in the officer and enlisted pay allowances due to the effect of a change in the FY 1995 grade structure throughout the force. This change is required to support an end strength of 174,000 through FY 2001, as provided by the Force Structure Planning Group.

A pay raise of 2.4%, effective 1 January 1996, and 3.1%, effective 1 January 1997, is included in the estimates for Military Personnel, Navy and Marine Corps appropriations. Additionally, the budget reflects decreases in retired pay accrual rates in FY 1996. Tables 6 and 7 provide summary financial and personnel strength data for Military Personnel, Navy and Military Personnel, Marine Corps appropriations, respectively.

Table 6

Department of the Navy
Military Personnel, Navy
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
Pay of Officers	4,653.9	4,384.4	4,344.6	4,307.5
Pay of Enlisted	12,499.8	11,850.7	11,356.9	10,789.6
Pay of Midshipmen	35.8	35.5	35.0	35.1
Subsistence	561.0	535.1	518.1	502.2
PCS Travel	641.1	605.3	571.5	579.1
Other Costs	154.9	158.2	104.5	123.5
Total: MPN	\$18,546.5	\$17,569.2	\$16,930.6	\$16,337.0
End Strength				
Officers	61,750	60,000	58,805	56,550
Enlisted	402,626	375,200	365,195	348,850
Midshipmen/NAVCADS	4,286	4,000	4,000	4,000
Total: End Strength	468,662	439,200	428,000	409,400

Table 7

Department of the Navy
Military Personnel, Marine Corps
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
Pay of Officers	1,208.1	1,213.0	1,229.3	1,248.2
Pay of Enlisted	4,047.5	4,086.9	4,152.2	4,202.8
Subsistence	201.0	204.7	211.8	218.3
PCS Travel	214.5	224.4	230.3	238.2
Other Costs	61.3	45.9	54.2	48.7
Total: MPMC	\$5,732.4	\$5,774.9	\$5,877.8	\$5,956.2
End Strength				
Officers	17,823	17,977	17,978	17,978
Enlisted	156,335	156,023	156,022	156,022
Total: End Strength	174,158	174,000	174,000	174,000

RESERVE PERSONNEL, NAVY AND MARINE CORPS

Navy - The Reserve Personnel, Navy budget of \$1,348.2 million in FY 1996 and \$1,322.9 million in FY 1997 will support an end strength of 98,608 and 96,402 respectively. This appropriation will fund personnel required to support the scope of hardware and non-hardware related activities which are necessary to meet the requirements of Navy roles and missions. The Sea Air Mariner (SAM) program was terminated in FY 1995 to reflect the reduction in the number of non-prior service personnel required to support ships and air squadrons. The program will be reinstated in FY 1996 to provide non-rated, non-prior service participants in the Reserve Construction Battalions (CB) in an attempt to offset manpower shortfalls for non-rated personnel.

Marine Corps - The Reserve Personnel, Marine Corps budget of \$361.8 million in FY 1996 and \$372.9 million in FY 1997 will support a Reserve end strength of 42,000 in both years. This appropriation provides funds to ensure availability of trained units to augment and reinforce the active forces, provide a Marine Expeditionary Brigade Headquarters, and provides for the Marine Reserve Force (MARRESFOR), comprised of a Fourth Marine Division, Fourth Marine Aircraft Wing, and Fourth Force Service Support Group, and the Marine Corps Reserve Command.

The funding requested provides for pay and allowances for Selected Reserves attached to specific units; for Individual Mobilization Augments and personnel in the training pipeline; and Full-Time Support Reserve personnel. Additionally, other training and support funding provides for necessary travel, training and entitlement programs such as education and incentive benefits.

The Department remains committed to increasing the Reserve contributory support capability to enhance and complement the active force while maintaining unit readiness to meet crisis requirements. A pay raise of 2.4%, effective 1 January 1996, and 3.1%, effective 1 January 1997, is included in the estimates for Reserve Personnel, Navy and Reserve Personnel, Marine Corps appropriations. Tables 8 and 9 provide summary financial and personnel strength data for these accounts.

Table 8

Department of the Navy
Reserve Personnel, Navy
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
Unit & Individual Training	628.7	496.0	484.1	474.7
Other Training & Support	962.7	905.8	864.1	848.2
Total: RPN	\$1,591.4	\$1,401.8	\$1,348.2	\$1,322.9
End Strength				
SELRES	87,701	83,200	80,920	79,178
Sea/Air Mariner	787	--	198	150
Full-Time Act Duty (TARS/TEMACs)	19,139	17,510	17,490	17,074
Total: End Strength	107,627	100,710	98,608	96,402

Table 9

Department of the Navy
Reserve Personnel, Marine Corps
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
Unit and Individual Training	191.2	194.2	205.9	214.2
Other Training and Support	152.9	154.5	155.9	158.7
Total: RPMC	\$344.1	\$348.7	\$361.8	\$372.9
Selected Marine Corps Reserves				
Full Time Support	38,438	38,727	39,715	39,715
	2,273	2,273	2,285	2,285
Total: End Strength	40,711	41,000	42,000	42,000

OPERATION AND MAINTENANCE, NAVY

The Operation and Maintenance, Navy budget of \$21,225.7 million in FY 1996 and \$20,254.5 million in FY 1997 reflects the impact of DBOF rate decreases and real program decreases from the FY 1995 level. The real program decreases are consistent with force structure reductions and savings as bases are closed or realigned.

Readiness continues to be our primary focus with flying hour and ship operations programs funded to meet PMR and OPTEMPO goals, while maintaining manageable levels of airframe, aircraft engine and ship maintenance backlogs. Full funding of all known Class I and Class II environmental projects is also included.

Operating Forces

This budget activity supports aircraft operations, ship operations, and other combat and weapons support. Funds are used to maintain combat ready forces necessary to respond to national objectives in joint, naval and combined operations. It supports the forward presence and crisis response capabilities of the National Military Strategy.

Air Operations. Overall funding for air operations will decrease in FY 1996 and FY 1997 from the FY 1995 level. FY 1995 reflects a large one-time increase for DBOF rates which will not be required in FY 1996 or FY 1997. Funding levels support PMR goals and also reflect force structure reductions and management initiatives to reduce infrastructure. Two squadrons of Navy A-6 aircraft, one P-3 squadron, one F-14 squadron, and one helicopter combat support squadron will be decommissioned in FY 1996. In FY 1997, the last four active A-6 squadrons and four F-14 squadrons will be decommissioned. Additionally, two Navy EA-6B squadrons will stand-up in FY 1996 and two will stand-up in FY 1997. Cost estimates for depot maintenance have been revised based on recent execution experience. Costs associated with known engine and component life limitations in the F/A-18, F-14, AV-8B and A-6 have been incorporated into the flying hour program through FY 1997. Lastly, within Base Support, savings generated by base closures have been offset by substantially increased requirements for Class I and Class II environmental requirements.

Ship Operations. Almost all major programs within Ship Operations will decrease in FY 1996 and FY 1997 from the FY 1995 funding levels. A substantial portion of the decrease reflects a readjustment from large one-time DBOF rate increases in FY 1995. FY 1996 and FY 1997 funding levels support fleet OPTEMPO goals and provide for approximately 94% and 88%, respectively of ship depot maintenance requirements. Major programmatic adjustments include reduced funding for the Fleet Modernization Program reflecting reduced requirements and substantial increases within Base Support to meet environmental compliance requirements.

Combat Operations/Support. Funding for this program reflects decreases in FY 1996 and FY 1997 after inflation. The LEASAT L-5 satellite will be discontinued resulting in decreases in both FY 1996 and FY 1997 as UHF follow-on satellites come on-line. Funding for magnetic data collection for the World Magnetic Model will terminate due to affordability. The FY 1996 decrease also reflects a realignment of Combat Operations Base Support to Ship Operations Base Support to more properly reflect the mission area of the service craft maintenance program, a reduction in base support commensurate with the drawdown in the Undersea Surveillance Program, and reductions in warfare tactics support resulting from fleet downsizing. Part of these decreases are offset by increases due to the realignment of non-centrally managed equipment purchases from the procurement accounts and increases for the start-up of USACOM's Joint Training, Analysis, and Simulation Center (JTASC) and other CINC initiatives. In FY 1997, an increase is reflected for the 2S COG program to repair a backlog of hull, propulsion, auxiliary and electrical equipments to a ready-for-issue status to support fleet operations and maintain readiness levels. This is offset by the realignment of JTASC funding to the Joint Staff.

Weapons Support. Overall, funding will decrease in FY 1996 and FY 1997 from the FY 1995 level to reflect the declining force structure with acceptable risk associated with the current threat. The decreases are, in part, a result of fewer TOMAHAWK recertifications, and reduced HARPOON platform maintenance actions. The decreases are partially offset by a FY 1997 increase for prototype testing of the Cooperative Engagement Capability (CEC) program which provides a coordinated defensive capability against current and projected anti-ship missiles warfare threats. There is a modest increase for base support for the BRAC initiated move for the Strategic Systems Program Office program. For both fiscal years, decreases are offset by adjustments for inflation.

DBOF Support - The FY 1996 budget includes a \$695.1 million increase associated with losses at closing DBOF activities. These

losses have been reflected as a direct passthrough vice incorporation in customer rates.

Mobilization

This budget activity maintains forces for rapid response to unforeseen contingencies throughout the world. This includes maritime prepositioning ships, hospital ships, and aviation maintenance ships. Each one of the three Maritime Prepositioning Ship squadrons will support a Marine Expeditionary Brigade for 30 days. The remaining ships support cargo/hospital operations for a variety of military operations. This budget activity also includes the inactivation of existing naval assets including ships, submarines and aircraft and the costs associated with maintaining selected assets for future mobilization.

Ready Reserve and Prepositioning Forces. The changes in FY 1996 and FY 1997 are due to changes in DBOF rates.

Activations/Inactivations. The funding decrease in FY 1996 is the result of adjustments in shipyard DBOF rates and the large number of inactivations (particularly submarines) planned in FY 1995. FY 1996/1997 funding levels will continue to support the aggressive force reductions to rightsize the battle force and the air wings. In FY 1996 the Navy will inactivate a significant part of the force including a nuclear cruiser, 7 submarines and over 120 aircraft. FY 1997 inactivations will include an aircraft carrier, another nuclear cruiser, 7 submarines and over 90 aircraft. Lastly, the combined inactivation/recycling planned for USS TRUXTUN in FY 1995 has been reduced to an inactivation only at this time to apply resources to higher priority requirements.

Mobilization Preparedness. The decrease in FY 1996 and FY 1997 reflects deletion of the Underutilized Plant Capacity (UPC) program as these costs are now included in DBOF rates.

Training and Recruiting

This budget activity funds all centrally managed or directed individual training required to meet established Navy training standards. This includes accession training, basic skills training, and professional military education provided at the Naval War College, the Naval Postgraduate School, and the Armed Forces Command and Staff College. Also included is funding to support Navy recruiting and advertising efforts. Team training for ships or battle groups is funded in the Operating Forces budget activity, as is all

advanced and refresher flight training and aircraft carrier qualifications.

Accession Training. This program includes recruit training, Naval Academy operations, Reserve Officer Training Scholarships and associated base operations support. There will be slight increases in FY 1996 and FY 1997 for Reserve Officers Training Corps (NROTC) Scholarships to meet Navy minority and technical production goals and to reflect the realignment of non-centrally managed equipment purchases from the procurement accounts. These increases are offset by reductions for base operations support associated with base closures. Funding for a long-term renovation of Bancroft Hall at the Naval Academy, which commenced in FY 1994, will decrease in FY 1996 and FY 1997 commensurate with the phases of the renovation.

Basic Skills and Advanced Training. This program supports specialized skill training, initial flight training, professional development training and base support for Navy schools providing this training. Most programs, including base support, continue to decline in real terms, reflecting the lower number of military personnel, reduced force structure and increased efficiencies. Funding for Flight Training will decrease in FY 1996 due to a reduction in the T-39N maintenance contract. FY 1997 will increase as a result of Aviation Training Rate (ATR) increases to eliminate pool controls and return throughput to steady-state. There will be a minor increase to reflect the realignment of non-centrally managed equipment purchases from the procurement accounts.

Recruiting and Other Training and Education. This category includes recruiting and advertising costs, off duty and voluntary education, civilian education and training and Junior ROTC. Recruiting and advertising and Junior ROTC costs will increase in FY 1996 and FY 1997 to ameliorate the more difficult recruiting environment currently being experienced. This increase is partially offset in FY 1996 by a decrease for Civilian Education and Training, commensurate with personnel reductions.

Administrative and Service-wide Support

Funded in this budget activity are shore based activities required for the effective operation of the Department of the Navy, including: Secretary of the Navy Staff offices; Navy Audit Service; CNO staff; Systems Command headquarters and other service-wide management headquarters. Also included are service-wide transportation, civilian and military manpower and personnel management; accounting and finance services; and service-wide communications. Technical support services are provided primarily

by the Naval Systems Commands, including support for acquisitions programs, life-cycle management of complex weapons systems including modernization, and other program management functions. The Investigations and Security Programs include the Consolidated Cryptologic Program, the Naval Criminal Investigative Service, the General Defense Intelligence Program, the Foreign Counterintelligence Program and associated shore based support. Support of Other Nations provides resources for the Latin American Cooperation Program, the Technology Transfer Program, and the Unified Commanders' Cooperative Programs with other nations.

Service-wide Support. FY 1996 increases reflect the realignment of funding back to the DON for payments to the Defense Finance and Accounting Service, full funding of leased communications costs, and realignment of funding to support NAS Memphis as a result of the BRAC initiated relocation of the Office of the Chief of Naval Personnel to Memphis. In addition, FY 1996 and FY 1997 will increase due to the realignment of non-centrally managed equipment purchases from the procurement accounts. These increases will be offset by reductions in FY 1996 for base operations support costs, subsistence-in-kind costs, and other personnel support costs consistent with force reductions. Additional reductions in FY 1997 reflect force structure downsizing as a result of BRAC actions.

Logistics Operations and Technical Support. The programmatic increase in FY 1996 is largely attributable to the realignment of Fleet Industrial Supply Center (FISC) support costs from Defense Business Operations Fund (DBOF) to Acquisition and Program Management. Additionally, Base Support will increase in FY 1996 and FY 1997 for shore environmental compliance and real property maintenance requirements. Air Systems Support also will increase in FY 1996 and FY 1997 to reflect standards reform initiatives driven by recent acquisition policy to streamline procurement. However, the FY 1996 increase will be offset by reduced aircraft engineering and logistics support at Naval Air Warfare Centers and Naval Aviation Depots. There will also be minor increases for additional engineering support in Hull, Mechanical and Engineering and Combat / Weapon Systems in FY 1996 and FY 1997 and Air Systems Support in FY 1997. Service-wide Transportation will increase in FY 1997 to reflect increased costs of overseas second destination shipments. These increases will be offset by decreases in Planning, Engineering, Design, and Acquisition and Program Management due to personnel reductions consistent with force structure downsizing as a result of BRAC actions.

Investigations and Security Programs. The classified National Foreign Intelligence Program (Consolidated Cryptologic Program, General Defense Intelligence Program and the Foreign Counterintelligence Program) will increase in FY 1996 and FY 1997 to support additional classified requirements. The Naval Criminal Investigative Service will increase slightly in FY 1996 to reflect the transfer of central adjudication functions from the National Foreign Intelligence Program.

Support of Other Nations. The programmatic decrease in FY 1996 and FY 1997 reflect reductions in technology transfer programs.

The projected BRAC IV savings reflect an estimate of the anticipated, undistributed savings which may potentially accrue as a result of future Base Closure Commission actions. Table 10 provides summary financial data for the Operation and Maintenance, Navy appropriation.

Table 10

Department of the Navy
Operation and Maintenance, Navy
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
<u>Operating Forces</u>				
Air Operations	4,399.1	4,719.8	4,266.6	4,366.0
Ship Operations	6,445.5	7,194.9	6,879.0	6,734.2
Combat Operations/Support	1,770.0	1,556.1	1,581.8	1,574.3
Weapons Support	1,529.4	1,471.6	1,424.2	1,437.6
DBOF Support	--	--	695.1	--
Total -- Operating Forces	14,144.0	14,942.4	14,846.7	14,112.1
<u>Mobilization</u>				
Ready Reserve & Prepositioning Force	530.6	446.6	511.0	499.9
Activations/Inactivations	711.8	736.2	479.6	603.7
Mobilization Preparedness	37.5	93.1	39.6	41.2
Total -- Mobilization	1,279.9	1,275.9	1,030.2	1,144.8
<u>Training And Recruiting</u>				
Accession Training	218.1	242.8	249.1	250.9
Basic Skills & Advanced Training	1,147.0	1,178.4	1,087.4	1,108.6
Recruiting & Other Training & Education	212.6	221.5	225.2	234.9
Total -- Training And Recruiting	1,577.7	1,642.7	1,561.7	1,594.4
<u>Admin & Service-wide Support</u>				
Service-wide Support	1,523.8	1,506.2	1,759.0	1,741.8
Logistics Operations & Technical Support	1,783.0	1,440.3	1,453.2	1,499.4
Investigations & Security Programs	537.3	513.7	567.5	575.5
Support of Other Nations	8.2	7.4	7.4	7.5
Total -- Admin & Service-wide Support	3,852.3	3,467.6	3,787.1	3,824.2
Projected BRAC IV Savings				-421.0
Total -- O&MN	20,853.9	21,328.6	21,225.7	20,254.5

OPERATION AND MAINTENANCE, MARINE CORPS

The Operation and Maintenance, Marine Corps budget of \$2,269.7 million in FY 1996 and \$2,285.0 million in FY 1997 will support a Fleet Marine Force (FMF) of three active divisions, station support for three aircraft wings (aircraft operation and maintenance is funded by the Operation and Maintenance, Navy account), and associated combat support units as well as operation and maintenance of training bases, logistics functions and administrative activities. Force structure drawdowns have resulted in a flexible, more streamlined force, fully able to respond to crises worldwide and to support a fundamental shift toward joint operations.

Operating Forces

The budget for Expeditionary Forces includes increases in Maintenance of Real Property beginning in FY 1996 to attempt to draw down the extensive backlog. The FY 1996 and FY 1997 request also includes funding for quality-of-life initiatives such as replacement of BEQ furniture and MWR, increased environmental funding due to more stringent requirements, maintenance costs associated with the fielding of new equipment, and costs to support concurrent occupancy of Miramar. The modest increase in Prepositioning in FY 1996 is required as a result of lessons learned in Desert Storm.

Training and Recruiting

The budget for Training and Recruiting includes increases in FY 1996 to fund required enlisted attendance at residential Professional Military Education courses and other training support including Marine Air Ground Task Force (MAGTF) staff training program and wargaming. An increase is also included in FY 1996 for Maintenance of Real Property in order to reduce the extensive backlog.

Administrative and Service-wide Support

FY 1996/FY 1997 adjustments primarily reflect increases to MWR programs including Child Development Programs and Family Services Centers.

Tables 11 provides summary financial data for the Operation and Maintenance, Marine Corp appropriation.

Table 11

Department of the Navy
Operation and Maintenance, Marine Corps
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
<u>Operating Forces</u>				
Expeditionary Forces	1,234.0	1,383.2	1,544.0	1,544.7
Prepositioning	101.4	78.4	85.4	88.3
Total -- Operating Forces	1,335.4	1,461.6	1,629.4	1,633.0
<u>Training and Recruiting</u>				
Accession Training	56.5	66.2	74.2	75.5
Basic Skills & Advanced Training	153.3	155.7	175.7	174.0
Recruiting & Other Training & Education	75.0	89.3	93.2	90.6
Total -- Training And Recruiting	284.8	311.2	343.1	340.1
<u>Admin & Service-wide Support</u>				
Service-wide Support	282.3	296.6	297.2	311.9
Total: O&M,MC	1,902.5	2,069.4	2,269.7	2,285.0

OPERATION AND MAINTENANCE, NAVY RESERVE

The Operation and Maintenance, Navy Reserve budget of \$826.0 million in FY 1996 and \$864.7 million in FY 1997 will support a number of force and organizational changes in the Naval Reserve program. Major changes in FY 1996 include the decommissioning of four NRF frigates and one Reserve Patrol Squadron and a reduction in aircraft depot level maintenance funding. These reductions will be offset by the transfer of two MHC Class ships, two LST Class ships, and two MCM Class ships to the reserves. Full operating and maintenance availability funding also will be required in O&M,NR for the reserve operational carrier USS JOHN F. KENNEDY (CV 67) in FY 1996. Additionally, 4,500 C-130 logistics flight hours are included as the Naval Reserve Force will continue to assume the Navy's worldwide logistics commitments. The FY 1996 budget also reflects stand-up of NAS Fort Worth Joint Reserve Base and an east coast E-2 Hawkeye counternarcotics squadron. Lastly, half-year funding for F-5 aircraft for the Naval Reserve Force to assume a larger percentage of the Navy's adversary mission will be added in FY 1996. The request for \$864.7 million in FY 1997 primarily represents the addition of the four MHC Class ships, an increase in aircraft depot level maintenance, and full funding for the F-5 adversary mission. The Naval Reserve mission inventories include an average of 454 aircraft and 21 NRF ships (17 Battle Force, 1 reserve operational carrier and 3 Non-battle Force ships) in FY 1996; and 458 aircraft and 25 NRF ships (17 Battle Force, 1 reserve operational carrier and 7 Non-battle Force ships) in FY 1997.

Tables 12 provides summary financial data for the Operation and Maintenance, Navy Reserve appropriation.

Table 12

Department of the Navy
Operation and Maintenance, Navy Reserve
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
<u>Operating Forces</u>				
Air Operations	482.3	518.1	491.9	521.8
Ship Operations	92.5	126.5	157.9	163.2
Combat Operations/Support	83.2	84.7	78.5	79.5
Weapons Support	7.9	10.6	5.6	5.4
Total -- Operating Forces	665.9	739.9	733.9	769.9
<u>Admin & Service-wide Support</u>				
Service-wide Support	91.4	91.4	92.1	94.8
Total: O&M, NR	757.3	831.3	826.0	864.7

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

The Operation and Maintenance, Marine Corps Reserve budget of \$90.3 million in FY 1996 and \$95.3 million in FY 1997 supports the day-to-day costs of operating Marine Corps Reserve forces, functions, activities, and facilities. The Marine Reserve Force includes the Fourth Marine Division, the Fourth Marine Aircraft Wing, the Force Service Support Group and the Marine Corps Reserve Support Command. The increase over FY 1995 is attributed to the start of the Reserve Information Network (R-NET). R-NET is an interconnected multi-functional computer network currently employed by the active Marine forces. Implementing this network in the Marine Reserve Force will provide training, communications with DoD agencies, and connectivity with the Total Force Marine Corps.

Table 13 provides summary financial data for the Operation and Maintenance, Marine Corps Reserve appropriation.

Table 13

**Department of the Navy
Operation And Maintenance, Marine Corps Reserve
(In Millions of Dollars)**

	FY 1994	FY 1995	FY 1996	FY 1997
<u>Operating Forces</u>				
Expeditionary Forces	60.5	54.6	55.2	58.9
<u>Admin & Service-wide Support</u>				
Service-wide Support	30.7	27.4	35.1	36.4
Total: O&M,MCR	91.2	82.0	90.3	95.3

AIRCRAFT PROCUREMENT, NAVY

The budget of \$3,886.5 million in FY 1996 and \$6,885.2 million in FY 1997 supports naval aviation's role in conducting joint operations in the littorals. Aircraft procurement in FY 1996 and FY 1997, totaling 31 and 44 aircraft respectively, marks an important transition period for the Department's recapitalization strategy for naval aviation. Fiscal constraints have forced the Department to make many difficult decisions, most often leading to significant reductions to planned procurements. However, the Department has also made a strong commitment to the future of naval aviation by protecting the critical programs required to recapitalize the fleet. In addition to funding the continuing E-2C, T-45, and AV-8B Remanufacture programs, and the last year of the F/A-18C/D procurement, the FY 1996 budget includes the initial long-lead funding for the cornerstone of future naval aviation, the F/A-18E/F. Initial long-lead funding for the V-22 is also included in FY 1996 with first production in FY 1997.

Structuring an aircraft procurement plan within current fiscal constraints has led to several significant program reductions. Production of the AH-1W has been terminated after FY 1995. F/A-18C/D procurement completes in FY 1996 (12 aircraft in FY 1996 are the minimum required to bridge to the F/A-18E/F). The scope of the F-14 Block I air-to-ground upgrade has been reduced to a less costly Joint Direct Attack Munitions (JDAM)-only program. Also, given the uncertainties surrounding the direction of the Joint Primary Aircraft Training System (JPATS) program, the Department chose to delay initial procurement by 3 years. Other programs have been slipped based on schedule delays. The most notable example in the budget is the 1-year slip in the SH-60R program. Funding is also budgeted in FY 1996 and FY 1997 for support buyouts and production shutdown for H-60 and H-53 aircraft.

The Department's budget reflects the strong emphasis on readiness, as indicated by the high priority placed on procurement of aviation spares, support equipment, and reliability and maintainability (R&M) modifications. Significant R&M modifications include, for example, the H-46 Dynamic Component Upgrade (DCU) program, replacement of obsolete/unreliable avionics (EA-6B, S-3, ES-3, F/A-18, SH-60, UH-1, P-3, and E-6A), and correction of engine reliability and safety deficiencies.

The budget also reflects the strong emphasis the Department places on joint and littoral mission capabilities. For example, the integration of the Air Force's Airborne Command Post (ABNCP) on the Navy's E-6A TACAMO aircraft is funded in this budget. The Department is also integrating the ARC-210 radio into fleet aircraft to provide improved communications compatibility with Air Force and Army forces. With respect to operations in the littoral environment, the Department is leveraging its scarce resources by pursuing force multiplying programs like the E-2C Block II and mission computer upgrades (key to cooperative engagement), SH-60 Armed Helo upgrade, P-3 ASUW Improvement Program, and F/A-18 ATARS program.

Finally, the budget reflects final action on the FY 1994 Omnibus Reprogramming. The budget shows that the portion of the terminated EA-6B Remanufacture program funding that was rejected as a reprogramming source will be used to finance non-developmental engineering changes that address EA-6B structural and supportability problems, to support the overall low cost EA-6B follow-on upgrade program.

Table 14 provides summary financial and procurement quantity data for the Aircraft Procurement, Navy appropriation. Table 15 displays the six-year aircraft procurement plan for FY 1996 through FY 2001.

Table 14

Department of the Navy
Aircraft Procurement, Navy
(In Millions of Dollars)

	FY 1994		FY 1995		FY 1996		FY 1997	
	QTY	\$	QTY	\$	QTY	\$	QTY	\$
AV-8B (HARRIER)*	4	136.6	4	130.3	4	169.7	12	369.2
F/A-18C/D (HORNET)	36	1,599.2	24	1,016.2	12	609.9	--	49.4
F/A-18E/F (HORNET)	--	--	--	--	--	236.9	12	2,252.7
MH/CH-53E (SUPER-STALLION)	12	290.7	--	34.3	--	--	--	20.3
V-22 (OSPREY)	--	--	--	--	--	48.0	4	640.8
AH-1W (SEA COBRA)	12	139.2	12	140.7	--	10.4	--	4.0
SH-60B (SEAHAWK)	7	215.7	--	--	--	13.7	--	13.0
SH-60F (CV ASW HELO)	--	65.0	--	7.5	--	--	--	--
E-2C (HAWKEYE)	--	37.8	4	282.4	3	214.2	4	292.4
T-45TS (GOSHAWK)	12	299.9	12	245.4	12	316.1	12	346.9
HH-60H	17	222.6	--	40.6	--	23.8	--	--
Modifications		1,089.8		1,287.1		1,005.6		1,481.7
Spares and Repair Parts		829.7		891.9		784.8		943.8
Support Equipment/Facilities		562.6		523.4		453.4		471.0
Total: APN	100	5,488.8	56	4,599.8	31	3,886.5	44	6,885.2

* Remanufactured Aircraft Only

Table 15

Department of the Navy
Aircraft Procurement, Navy
Six-year Plan

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
AV-8B*	4	12	12	12	12	12
F/A-18C/D	12	--	--	--	--	--
F/A-18E/F	--	12	24	36	36	48
V-22	--	4	5	7	8	9
SH-60R*	--	--	--	4	15	15
E-2C	3	4	4	4	4	4
Vertical Replenishment Helicopter	--	--	--	4	8	9
T-45TS	12	12	12	12	12	12
JPATS	--	--	--	--	8	24
Total Aircraft	31	44	57	79	103	133

* Remanufactured Aircraft Only

WEAPONS PROCUREMENT, NAVY

The Weapons Procurement, Navy (WPN) budget of \$1,787.1 million in FY 1996 and \$1,714.3 million in FY 1997 funds procurement of strategic and tactical missiles, ammunition, and a variety of modifications, support equipment and spare parts to support in-service missiles, torpedoes and other weapons. The request supports a continued effort to procure only those systems which affordably enhance our capability to meet the evolving threat and fully support naval and joint operations in the littorals and ashore.

Missiles - To ensure strategic deterrence, the TRIDENT II (D-5) missile program is budgeted at \$518.4 million in FY 1996 for the procurement of 6 missiles and \$355.0 million in FY 1997 for the procurement of 7 missiles. Procurements have been priced to reflect an expected United Kingdom procurement in FY 1997. Additional missiles have been budgeted to outfit four C-4 SSBNs which are to be backfit to the D-5 configuration.

Power projection requires weapons which are tactically flexible, mobile and technologically superior. Procurement of the more capable Tomahawk Block III TLAM-C/D is budgeted at 164 missiles in FY 1996 and FY 1997. In the Other Missiles category, upgrade modifications will continue on Tomahawk, Sparrow, Sidewinder, Harpoon and Standard.

In support of Naval and Joint operations in the littorals, weapons which provide battle space dominance are funded. Joint procurement of AMRAAM with the Air Force will continue in FY 1996 and FY 1997. Production of Standard Missile Block IV will continue at the minimum rate necessary to support Block IV-A, the Lower Tier of the Theater Ballistic Missile Defense (TBMD), which commences procurement in FY 1997. Procurement of the Rolling Airframe Missile (RAM) will continue in FY 1996 and FY 1997. Key to the self-defense strategy, RAM will be used on the FFG-7, LHD, LSD, LHA, and DD-963 Class ships which currently lack an anti-air defense-in- depth capability. Funds are budgeted in FY 1996 for procurement of equipment required for the manufacture of the first limited rate production units of the baseline Joint Standoff Weapons System (JSOW) in FY 1997 (a joint program with Air Force).

Torpedoes - MK-48 ADCAP shallow-water performance upgrades began in FY 1995 and will continue through FY 1997. In the Other

Torpedoes category, the MK-46 service life extension program (SLEP) continues, including shallow water upgrades necessary to support littoral warfare.

Other - To provide command and control capability which enables joint and combined operations with effective and efficient communications, the Fleet Satellite Communications program finances final launch services in FY 1996 and, engineering and production support for the nine satellites previously procured. Ammunition programs are reduced based upon changes in the threat and force structure, but are sized to provide adequate force sustainment and maintain readiness.

Table 16 provides summary data for the Weapons Procurement, Navy appropriation. Table 17 displays the six-year weapons procurement plan for FY 1996 through FY 2001.

Table 16

Department of the Navy
Weapons Procurement, Navy
(In Millions of Dollars)

	FY 1994		FY 1995		FY 1996		FY 1997	
	QTY	\$	QTY	\$	QTY	\$	QTY	\$
<u>Missiles</u>								
TRIDENT II	24	1,098.6	18	666.1	6	518.4	7	355.0
TOMAHAWK	216	257.5	217	240.6	164	161.7	164	152.0
AMRAAM	75	57.6	106	80.6	115	81.7	220	131.0
HARPOON	75	86.0	58	68.2	30	46.4	15	25.6
JSOW		--		--		26.2	126	76.2
STANDARD	202	214.1	202	247.3	151	231.5	116	215.4
RAM	180	53.3	240	63.1	230	69.2	235	71.3
HELLFIRE	1,931	83.8		--		--		--
Other		367.6		286.0		173.4		207.9
<u>Torpedoes</u>								
MK-48 ADCAP	108	98.8		--		--		--
VLA	73	42.5	40	21.9		--		--
Other		138.1		161.8		118.7		150.1
<u>Other</u>								
FLTSATCOM (UHF)		167.1		124.6		51.8		5.7
CIWS & MODS		51.7		49.3		37.3		45.9
Ammunition		158.7		*(279.6)		200.7		217.5
All Other		72.2		73.9		70.1		60.7
Total: WPN	2,884	2,947.6	881	2,083.4	696	1,787.1	883	1,714.3

* Budgeted in Procurement of Ammunition, Navy and Marine Corps appropriation.

Table 17

**Department of the Navy
Weapons Procurement, Navy
Six-year Plan**

	<i>FY 1996</i>	<i>FY 1997</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<u>Missiles</u>						
TRIDENT II	6	7	7	7	12	12
TOMAHAWK	164	164	120	--	--	--
AMRAAM	115	220	216	292	296	270
HARPOON	30	15	--	--	--	--
JSOW	--	126	280	545	585	580
STANDARD	151	116	120	152	171	169
RAM	230	235	115	100	--	--

SHIPBUILDING AND CONVERSION, NAVY

The budget of \$5,051.9 million in FY 1996 will fund three new construction ships. These ships include one SSN-21 SEAWOLF Class attack submarine (\$1,507.5 million) and two ARLEIGH BURKE Class guided missile destroyers (\$2,169.3 million). The FY 1996 program also includes \$62.1 million and \$47.1 million for the civilian manning conversions of an ammunition ship (AE) and a combat stores ship (AFS), respectively. Additionally, advance procurement of \$704.4 million is included to support procurement of the New Attack Submarine in FY 1998 and \$222.0 million is required to support a future refueling overhaul (RCOH) of CVN-68. The remaining \$339.5 million primarily will support service craft, outfitting, and post delivery requirements.

The budget of \$3,941.6 million in FY 1997 will fund three new construction ships, the ARLEIGH BURKE Class guided missile destroyers (\$2,857.1 million). The FY 1997 program also includes \$94.3 million for four additional ammunition ship (AE) conversions. Additionally, advance procurement of \$299.8 million is budgeted for the New Attack Submarine and \$316.5 million is required to support the CVN-68 refueling overhaul. The remaining \$373.9 million primarily will support service craft, outfitting, and post delivery.

A FY 1996 SEAWOLF Class submarine (SSN-23) is budgeted to bridge the gap in submarine construction until the New Attack Submarine is introduced in FY 1998. These programs support our current recapitalization plan and the need to preserve the submarine industrial base. Advance procurement funding in FY 1996 and FY 1997 is requested to support the orderly construction of the New Attack Submarine in FY 1998 through the procurement of both nuclear and non-nuclear propulsion components, a command and control system (CCS) and weapon handling modules, and the start of detail design.

The DDG-51 building program in this budget supports efforts to recapitalize our surface combatant force. As we face the future, it is essential that we have the most capable surface combatant force that can be obtained. The FY 1996 and FY 1997 ships will provide warfighting upgrades which provide greater tactical capability with advanced display consoles, Battle Force Tactical Training to facilitate interactive battle group readiness training, identification antenna and processing upgrades, a radar environmental simulator to

provide operator training, and consolidation of data link display, management and coordination equipments.

Included in the SCN plan is the introduction of a new class of amphibious transport dock ship (LPD-17) in FY 1998, a new auxiliary dry cargo ship (ADC(X)) in FY 2000, and the LHD-7 in FY 2001. These programs support the Department's major recapitalization efforts.

Table 18 provides summary financial and procurement quantity data for the Shipbuilding and Conversion, Navy appropriation. Table 19 displays the six-year shipbuilding plan for FY 1996 through FY 2001.

Table 18

Department of the Navy
Shipbuilding and Conversion, Navy
(In Millions of Dollars)

	FY 1994		FY 1995		FY 1996		FY 1997	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
New Construction								
Carrier Replacement (CVN)	--	--	1	3,468.9	--	--	--	--
Attack Submarine (SSN-21)	--	--	--	--	1	1,507.5	--	--
New SSN AP	--	--	--	--	--	704.4	--	299.8
Destroyer (DDG-51)	3	2,637.9	3	2,642.0	2	2,169.3	3	2,857.1
LHD	1	953.8	--	49.6	--	--	--	--
Oceanographic Ships	2	113.8	--	--	--	--	--	--
Subtotal	6	3,705.5	4	6,160.5	3	4,381.2	3	3,156.9
Conversion/RCOH/Acquisition								
MCS(C)	1	123.6	--	--	--	--	--	--
AE(C)	--	--	1	30.3	2	62.1	4	94.3
AFS(C)	--	--	1	22.7	2	47.1	--	--
CVN RCOH	--	31.1	--	38.1	--	222.0	--	316.5
Service Craft	--	29.0	--	5.6	--	17.0	--	35.0
Other Costs	--	306.0	--	317.3	--	322.5	--	338.9
Total: SCN	7	4,195.2	6	6,574.5	7	5,051.9	7	3,941.6

Table 19

**Department of the Navy
Shipbuilding and Conversion, Navy
Six-year Plan**

	<i>FY 1996</i>	<i>FY 1997</i>	<i>FY 1998</i>	<i>FY 1999</i>	<i>FY 2000</i>	<i>FY 2001</i>
<i>New Construction:</i>						
Carrier Replacement (CVN)	--	--	--	--	(AP)	(AP)
Attack Submarine (SSN-21)	1	--	--	--	--	--
NEW SSN	--	--	1	--	1	--
Destroyer (DDG-51)	2	3	2	3	3	3
LHD	--	--	--	--	--	1
Amphibious Transport Dock (LPD-17)	--	--	1	--	2	2
Ocean Surveillance (TAGOS)	--	--	--	1	--	--
Dry Cargo (ADC(X))	--	--	--	--	1	--
Oceanographic Ships	--	--	--	1	--	--
Subtotal New Ships	3	3	4	5	7	6
<i>Conversions/RCOH:</i>						
CVN RCOH	--	--	(1)	--	--	--
AOE SLEP	--	--	--	1	--	--
AFS(C)	2	--	--	--	--	--
AE(C)	2	4	2	--	--	--
Total: SCN	7	7	6	6	7	6

OTHER PROCUREMENT, NAVY

The budget of \$2,396.1 million in FY 1996 and \$3,124.4 million in FY 1997 funds the procurement of ships support equipment, communications and electronics equipment, ordnance support equipment, aviation support equipment, civil engineering, supply and command support equipment, and spare and repair parts. This budget continues to reflect reduced modernization levels based on a lower ship force structure and reduced infrastructure.

Ships Support Equipment is budgeted at \$644.1 million in FY 1996 and \$993.3 million in FY 1997. The increase from FY 1996 to FY 1997 is primarily due to the procurement of a reactor power unit as well as growth in pollution control equipment procurements. This funding also procures various ship modernization equipment, including: propulsion, hull, mechanical and electrical equipment; surface ship and submarine silencing equipment; firefighting equipment; underway replenishment equipment; reactor components and alterations; and other modernization support. The request will continue a major procurement of the Plastics Waste Processor in the Shipboard Pollution Control Equipment program to meet Congressionally mandated installation deadlines by the end of 1998.

Communications and Electronic Equipment is budgeted at \$726.3 million in FY 1996 and \$981.0 million in FY 1997. This funding procures numerous communications and electronics equipment upgrades supporting Navy mission areas, including: radars and sonars; ship and shore command, control and communications (C3) equipments; air station support equipment; and cryptology equipment.

This budget continues the emphasis on upgrading communications capabilities for aircraft carriers, LHDs and LHAs as an integral part of joint operations and littoral warfare requirements. This increased emphasis on C3I capability includes funding for continued procurement of satellite communications equipment, and the start in FY 1997 of procurement of the Battle Group Passive Horizon Extension System (BGPHEs). The budget reflects lower overall levels from FY 1995 due to the decision to forego further procurement of AN/SQQ-89 ASW Surface Warfare System upgrades, AN/SLQ-32 and minesweeping program procurements.

Aviation Support Equipment is budgeted at \$168.3 million in FY 1996 and \$195.3 million in FY 1997. This funding procures sonobuoys and various aviation modernization equipment, including: airborne mine countermeasures; catapults and arresting gear; weapons range support equipment; meteorological and other aviation related support. The sonobuoy procurement profile incorporates the revised requirements, already forwarded to the Congress, accounting for industrial base and shelf life factors.

Ordnance Support Equipment is budgeted at \$432.8 million in FY 1996 and \$493.1 million in FY 1997. This funding procures various ordnance related modernization equipment, including: missile and gun fire support equipment; vertical launch systems; strategic missile and platform support; seaborne targets and various decoys. To provide better visibility, the Point Defense Support Equipment program was broken out into separate NATO Sea Sparrow, RAM Guided Missile Launch System (GMLS) and Ship Self-Defense System (SSDS) lines. The Strategic Missile Systems Equipment program includes funding required for the conversion of TRIDENT I (C-4 missile configured) Fleet Ballistic Missile submarines to the TRIDENT II (D-5 missile) configuration.

Other - Civil Engineering Support Equipment is budgeted at \$48.1 million in FY 1996 and \$55.0 million in FY 1997. **Supply Support Equipment** is budgeted at \$87.1 million in FY 1996 and \$74.7 million in FY 1997. **Personnel and Command Support Equipment** is budgeted at \$79.2 million in FY 1996 and \$125.7 million in FY 1997. The request reflects substantially reduced levels as a result of a change in the Expense / Investment threshold requiring the migration of non-centrally managed procurements to the Operation and Maintenance appropriations.

Spares and Repair Parts is budgeted at \$210.2 million in FY 1996 and \$206.3 million in FY 1997. These funding levels reflect substantially decreased resources as naval force levels continue to decline.

Table 20 provides summary financial data for the Other Procurement, Navy appropriation.

Table 20

Department of the Navy
Other Procurement, Navy
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
<i>Ships Support Equipment</i>	550.2	795.8	644.1	993.3
<i>Communications and Electronics Equipment</i>	1,045.3	1,166.0	726.3	981.0
<i>Aviation Support Equipment</i>	227.5	226.9	168.3	195.3
<i>Ordnance Support Equipment</i>	332.0	412.7	432.8	493.1
<i>Civil Engineering Support Equipment</i>	86.3	86.3	48.1	55.0
<i>Supply Support Equipment</i>	106.6	104.2	87.1	74.7
<i>Personnel and Command Support Equipment</i>	213.6	193.4	79.2	125.7
<i>Spares and Repair Parts</i>	333.2	289.0	210.2	206.3
Total: OPN	2,894.7	3,274.3	2,396.1	3,124.4

PROCUREMENT, MARINE CORPS

The Procurement, Marine Corps (PMC) budget of \$474.1 million in FY 1996 and \$687.9 million in FY 1997 funds procurement of ammunition, armaments, communications and electronics equipment, passenger and commercial vehicles, engineering equipment, spare parts and equipment modification and installation.

Weapons and Combat Vehicles - Product Improvement Programs (PIP) began in FY 1996 for both the AAV7A1 and LAV combat vehicles. These modifications provide significant improvements to vehicular reliability, maintainability, battlefield survivability, combat capability and operational safety.

Guided Missiles - FY 1995 completes the last year of procurement of the Pedestal Mounted Stinger system. In the ensuing years, the passive sensor system will be procured in order to provide better than line-of-sight capabilities.

Communications and Electronics - The Department continues purchasing equipment to ensure joint communication on the battlefield. New electronic enhancement programs for radar systems, microcomputer improvements for communications equipment, and increased test equipment requirements are provided in FY 1997. In FY 1997, the Position Locating Reporting System Downsized Master Station (PLRS DMS) and the Tactical Data Network will be purchased for introduction into the Marine Corps inventory. The PLRS DMS provides for command and control network management for the already fielded PLRS systems. It provides mobile capabilities on HMMWVs. The Tactical Data Network will provide the Marine Corps with a completely integrated data network, forming the communications backbone for the Marine Air Ground Task Force (MAGTF). In addition, FY 1996 and FY 1997 will continue funding for SINCGARS radios at \$48.0 million and \$53.0 million respectively. Also budgeted is the Advanced Field Artillery Tactical Data System (AFATDS). This is a joint program with the Army and supports migration to the DoD Common Operating Environment.

Ammunition - The Marine Corps ammunition budget provides \$110.9 million in FY 1996 and \$93.9 million in FY 1997 to procure munitions, including mines, mortar and artillery rounds, grenades and pyrotechnic devices. Funding allows the Marine Corps to meet

the war-fighting objectives set forth in the Defense Planning Guidance. FY 1995 ammunition procurements are included in the Procurement of Ammunition, Navy and Marine Corps appropriation.

Engineer and Other Equipment - This budget reflects the Marine Corps' commitment to high levels of training at the least possible cost. Simulators will continue to be procured to minimize training ammunition expenditures. In addition, FY 1997 will fund the purchase of the Magnetic Countermine System (MACS). This is a harness which fits around a host of vehicles, (including the AAV, M1A1 Main Battle Tank and the LAV) and projects the magnetic signature of the vehicle in order to detonate magnetically fuzed mines at a safe distance in front of the vehicle.

Table 21 provides summary financial data for the PMC appropriation.

Table 21**Department of the Navy
Procurement, Marine Corps***(In Millions of Dollars)*

	FY 1994		FY 1995		FY 1996		FY 1997	
	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>	<u>QTY</u>	<u>\$</u>
<u>Weapons & Tracked Combat Vehicles</u>								
AAV7A1		2.4		3.0		11.8		14.6
LAV PIP		6.6		23.3		23.3		15.8
LAV	17	72.6		--		--		--
Other		4.9		4.0		4.0		4.5
<u>Guided Missiles</u>								
HAWK MOD		2.4		--		3.0		2.9
PEDESTAL MTD STINGER	24	19.0	81	49.8	--	25.8		13.9
Other		7.7		.1		2.2		24.7
<u>Communication & Electronics</u>								
TDN		--		--		--		21.3
GMF		--		--		--		7.7
ATACC		8.3		--		7.2		--
JTIDS		1.4		8.7		5.4		5.8
SINGARS		46.1		56.6		48.0		53.0
INTELL SUPT EQ		25.3		33.3		6.3		17.2
NIGHT VISION EQ		12.4		39.4		2.3		11.5
AFADTDS	271	9.6	137	5.1	188	12.1	186	11.9
PLRS		--		3.1		--		20.0
Automated Data Processing		10.1		12.8		22.8		28.9
Modification Kits (NON-TEL)		1.3		1.1		6.7		49.0
Firefinder Radar Upgrades (AN/TPQ-36)		--		--		--		31.7
Other		29.4		36.2		55.7		104.9
<u>Ammunition</u>		72.6		*(135.3)		110.9		93.9
<u>Support Vehicles</u>		31.8		27.8		24.1		24.9
<u>Engineer & Other Equipment</u>								
Mine Countermeasures		--		--		--	811	19.9
Training Devices		13.8		32.1		17.8		30.6
Other		33.1		44.5		32.7		32.5
<u>Spares & Repair Parts</u>		29.1		37.3		52.0		46.8
Total: PMC		442.9		418.2		474.1		687.9

*Budgeted in Procurement of Ammunition, Navy and Marine Corps appropriation.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

The budget is \$8,204.6 million in FY 1996 and \$7,716.9 million in FY 1997. The Department's research and development program is focused on providing the platforms needed for force recapitalization, the systems improvements relevant to fighting in the littorals, and exploring the technologies which will contribute to future naval warfare capabilities.

The **Basic Research** program budget is \$401.9 million in FY 1996 and \$418.7 million in FY 1997. These funds provide for scientific study and experimentation directed towards increasing knowledge and understanding in broad fields directly related to long-term Department of the Navy needs. Research is conducted to ensure that both cutting-edge scientific discoveries and the general store of scientific knowledge are optimally used to develop superior naval equipment, strategies, and tactics.

The **Exploratory Development** program budget is \$478.8 million and \$518.3 million for FY 1996 and FY 1997, respectively. These funds include efforts directed toward the solution of specific naval problems, short of major development projects. Significant new technology base efforts are required to ensure that the sea services will be able to dominate the littoral battlespace under future threat scenarios. In particular, the environmental properties of shallow water and the sea-land interface require further measurement and analysis.

The **Advanced Technology Development (ATD)** program is budgeted at \$500.2 million in FY 1996 and \$533.3 million in FY 1997. Funding in this area supports technology demonstrations that reflect the naval focus on littoral operations, including demonstrations that support Ship Self-Defense, Cooperative Engagement, and Mine Countermeasures.

The **Demonstration and Validation (DEM/VAL)** program is budgeted at \$1,587.4 million in FY 1996 and \$1,738.2 million in FY 1997. DEM/VAL efforts provide funding for programs such as Ship Self-Defense, the Advanced Amphibious Assault Vehicle (AAAV), and the Joint Advanced Strike Technology (JAST) program.

The ***Engineering and Manufacturing Development (E&MD)*** program budget is \$2,379.7 million in FY 1996 and \$2,208.5 million in FY 1997. Significant programs funded in E&MD include the New Attack Submarine Hull, Mechanical and Electrical (HM&E) and Combat Systems developments, Tactical Air Electronic Warfare developments, V-22, AEGIS improvements, and precision guided munitions such as the Joint Standoff Weapon, and the Joint Direct Attack Munition.

The budget for ***RDT&E Management Support*** is \$588.1 million in FY 1996 and \$583.4 million in FY 1997 and provides funding for installations required for general research and development use. This budget activity includes the test and evaluation support program required to operate the Navy's test range sites, R&D aircraft and ship funding, and threat simulator development efforts.

The ***Operational Systems Development*** program is budgeted at \$2,268.5 million in FY 1996 and \$1,716.5 million in FY 1997. This program includes funding for the Tomahawk baseline improvement program, and AIM-9X development. Continued funding for the F/A-18E/F development is also requested, although at a decreased level from prior years, as the program begins initial production.

Table 22 provides summary financial data for the Research, Development, Test and Evaluation, Navy appropriation.

Table 22

Department of the Navy
Research, Development, Test and Evaluation, Navy
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
Basic Research	411.9	418.6	401.9	418.7
Exploratory Development	438.4	511.9	478.8	518.3
Advanced Technology Development (ATD)	412.6	539.4	500.2	533.3
Demonstration & Validation (DEM/VAL)	1,733.2	1,527.3	1,587.4	1,738.2
Engineering & Manufacturing Development	1,677.0	2,287.5	2,379.7	2,208.5
RDT&E Management Support	759.0	751.8	588.1	583.4
Operational Systems Development	2,759.3	2,658.2	2,268.5	1,716.5
Total: RDT&E,N	8,191.4	8,694.7	8,204.6	7,716.9

Significant RDT&E,N Programs:	FY 1994	FY 1995	FY 1996	FY 1997
F/A-18E/F	1,396.7	1,249.7	845.1	304.3
V-22	9.1	452.7	762.5	580.9
Ship Self-Defense	412.6	439.1	411.6	406.7
New Attack Submarine	389.4	457.0	455.4	511.8
Joint Advanced Strike Technology (JAST)	29.7	98.3	149.3	199.3
TOMAHAWK	43.6	84.0	141.4	182.3
EW Development	113.3	101.9	87.4	112.5
AEGIS	102.6	90.9	105.7	98.4
Joint Direct Attack Munition (JDAM)	8.4	25.9	37.8	36.6
Joint Standoff Weapon (JSOW)	83.4	113.4	81.8	89.3
T&E Support	275.8	282.5	246.0	236.9

MILITARY CONSTRUCTION, NAVY AND NAVAL RESERVE

The budget for FY 1996 is \$488.1 million for the Military Construction, Navy appropriation and \$7.9 million for the Military Construction, Naval Reserve appropriation. The budget request for FY 1997 is \$460.5 million for Military Construction, Navy and \$9.1 million for Military Construction, Naval Reserve. The Military Construction requests reflect the inclusion of projects that were deferred as a result of the significant funding decreases in the FY 1995 Priority Investment Program (PIP). Numerous construction projects including operational, training, maintenance and support projects, previously deferred, are required to maintain and support the readiness of our forces. The DON Construction program reflects a continued emphasis on quality of life and environmental protection programs and replacement of inadequate facilities.

Quality of Life - A basic thrust in structuring this budget has been to provide facilities which will most effectively improve the quality of life of our Sailors and Marines. These quality-of-life projects range from bachelor quarters to child care centers for dependent children. As we change the size and nature of our forces, it is particularly important to demonstrate our commitment to improving the quality of life for our people, including \$67.7 million in FY 1996 and \$172.7 million in FY 1997 for Bachelor Housing facilities and \$40.0 million in FY 1996 and \$15.4 million in FY 1997 for community facilities including Child Development Centers.

Environmental - In support of the Administration's commitment to the environment, this budget reflects \$115.3 million in FY 1996 and \$65.5 million in FY 1997 for environmental protection. Included is \$20.2 million and \$25.4 million in FY 1996/1997 respectively, for an Oily Waste Collection System for NS San Diego; a new sanitary landfill at \$11.5 million in FY 1996 for NS Roosevelt Roads, Puerto Rico; a wastewater treatment plant at \$45.5 million in FY 1996 for MCB Camp Lejeune; and a sewage outfall extension at \$25.1 million in FY 1997 for Public Works Center (PWC) Pearl Harbor.

Naval Reserve - The budget for the Military Construction, Naval Reserve appropriation in FY 1996 will provide new facilities or additions to existing facilities at two locations within the United

States. Likewise, the FY 1997 Military Construction, Naval Reserve appropriation request will support construction projects at three locations, to include a Bachelor Enlisted Quarters (BEQ) addition at NAS New Orleans, LA.

Table 23 provides summary financial data for the Military Construction, Navy and Naval Reserve appropriations.

Table 23

Department of the Navy
Military Construction
(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
<u>Significant Programs</u>				
Operational & Training Facilities	156.5	85.7	157.6	96.2
Maintenance & Production Facilities	11.9	31.1	16.4	50.7
R&D Facilities	30.2	15.6	3.2	--
Supply Facilities	23.9	--	6.4	2.0
Administrative Facilities	4.6	--	16.9	--
Troop Housing Facilities	132.2	70.5	67.7	172.7
Community Facilities	29.8	63.1	40.0	15.4
Utility Facilities	71.6	39.5	8.7	5.5
Pollution Abatement	137.1	81.8	115.3	65.5
Special Activities	.4	1.6	2.2	--
Unspecified Minor Construction	5.5	7.0	7.2	7.4
Planning And Design	64.4	43.4	46.5	45.1
General Reduction*	--	-40.0	--	--
Total: Navy	668.1	399.3	488.1	460.5
Total: Naval Reserve	24.4	22.7	7.9	9.1

* Congressionally mandated general reduction to be applied against the combination of project savings from favorable bids, reduced overhead costs, cancellations due to force structure changes, and cancellations due to the 1995 base realignment and closure decisions.

FAMILY HOUSING, NAVY AND MARINE CORPS

The FY 1996 budget of \$1,514.1 million includes \$465.7 million for construction and \$1,048.4 million for operation and maintenance. In FY 1997, the request is \$1,453.8 million, with \$427.1 million for construction and \$1,026.7 million for operation and maintenance.

The Department of the Navy has embarked on an ambitious program to dramatically improve the quality of life of its personnel through increased Family Housing support. Recognizing the aging and substandard housing currently in the Department's inventory, a major emphasis has been placed on satisfying the contemporary dwelling needs of Navy and Marine Corps families through improved quality housing and housing services. Substantial and prudent major repair and renovation projects in existing housing assets are proposed for a number of locations. Construction of new family housing is proposed in those geographic areas where the housing deficit has the greatest negative impact on the quality-of-life of our personnel. Expanded and improved worldwide housing referral services are supported in locales where their effect will have the most significant positive influence on our Sailors and Marines as they are welcomed aboard their new duty stations.

Construction - Included in the \$465.7 million FY 1996 budget for the construction account is \$180.7 million for replacement construction of 1,158 Navy housing units and \$13.1 million for new construction of 69 Marine Corps housing units. In FY 1997, within the total \$427.1 million budgeted in the construction account, is \$22.7 million for new construction of 120 Navy housing units and \$148.7 million for replacement construction of 942 Navy units. Included in FY 1997 is \$25.3 million for new construction of 100 Marine Corps housing units and \$11.9 million for replacement construction of 87 Marine Corps units. The budget contains \$247.5 million in FY 1996 and \$190.8 million in FY 1997 for improvements to existing Navy and Marine Corps housing units. The balance of the construction account budget is for planning and design of \$24.4 million in FY 1996 and \$27.7 million in FY 1997.

Operation and Maintenance - In the Operation and Maintenance account, the major emphasis is to increase support for maintenance/repair efforts and professional services in keeping with the "Neighborhoods of Excellence" concept. The goal of this

concept is to meet the contemporary needs of Navy / Marine Corps families through quality housing and housing services.

In response to significant housing problems on Oahu, the FY 1996 and FY 1997 budget for Navy and Marine Corps includes funding for construction and operation of family housing units on the island. This funding is directly linked to the decision effective 1 September 1994 to decentralize housing functions on the island. A transfer of operations funding from the Army for FY 1996 through FY 2001 has been agreed to by all Components. A straight budget-based transfer was insufficient to adequately support family housing requirements in Hawaii. The Department has added additional construction and operations funding to ensure sufficient support for our families. The Department has a total of five improvement projects on Oahu budgeted in FY 1996 and FY 1997. Additionally, the Navy has one replacement construction project in FY 1996 and the Navy and Marine Corps each have one replacement construction project in FY 1997 on Oahu. Finally, the Family Housing Operation and Maintenance budget includes funding for maintenance and other support costs above the approved transfer level.

Table 24 provides summary financial data for the Family Housing, Navy and Marine Corps appropriation.

Table 24

**Department of the Navy
Family Housing, Navy and Marine Corps
(In Millions of Dollars)**

	FY 1994	FY 1995	FY 1996	FY 1997
<u>Navy</u>				
Construction	346.1	218.9	392.3	354.2
O&M	<u>667.6</u>	<u>812.3</u>	<u>876.9</u>	<u>874.8</u>
Total: Navy	1,013.7	1,031.2	1,269.2	1,229.0
<u>Marine Corps</u>				
Construction	25.1	48.6	73.4	72.9
O&M	<u>103.9</u>	<u>125.3</u>	<u>171.5</u>	<u>151.9</u>
Total: Marine Corps	129.0	173.9	244.9	224.8
Total: FH,N&MC	1,142.7	1,205.1	1,514.1	1,453.8
<u>New Construction Projects</u>				
Navy	4	2	--	2
Marine Corps	--	1	1	1
<u>New Construction Units</u>				
Navy	695	256	--	120
Marine Corps	--	196	69	100
<u>Replacement Construction Projects</u>				
Navy	2	2	4	3
Marine Corps	--	--	--	1
<u>Replacement Construction Units</u>				
Navy	680	200	1,158	942
Marine Corps	--	--	--	87
<u>Average Number Of Units</u>				
Navy	71,239	72,737	71,983	70,511
Marine Corps	22,951	24,195	25,355	25,671

NATIONAL DEFENSE SEALIFT FUND

The budget of \$974.2 million in FY 1996 and \$913.4 million in FY 1997 is for the construction, acquisition, conversion, and related R&D of ships which will be utilized for prepositioning, surge and Ready Reserve Force (RRF) requirements established by the DoD Mobility Requirements Study (MRS). The importance of substantial enhancements to our strategic mobility was first identified in the 1991 MRS. To date, contracts for the conversion of five ships and the construction of six prepositioning / surge ships have been awarded. An additional four prepositioning / surge ships will be procured in the FY 1996 / FY 1997 timeframe; two in FY 1996 and two in FY 1997. Based upon ship configurations, a total of 19 prepositioning / surge ships will be required to satisfy the MRS requirements. The current acquisition plan will procure the remaining four ships during FY 1998 and FY 1999. Efforts are also currently underway to purchase additional RRF vessels and one Maritime Prepositioning Ship for the Marine Corps with funds appropriated in FY 1995.

Beginning in FY 1996 all RRF requirements are included in the Fund. In FY 1996 \$289.0 million is budgeted for operation and maintenance of the existing RRF fleet and \$70.0 million is requested for additional RRF ship acquisitions. In FY 1997 \$300.0 million is budgeted to continue the operation and maintenance of the RRF fleet.

The NDSF budget also includes \$19.1 million and \$9.6 million in FY 1996 and FY 1997, respectively, for the continuation of research and development efforts for the Merchant Ship Naval Augmentation Program and Strategic Sealift Technology Development Program.

The NDSF allows for the accumulation of DoD sealift financial assets, and through central management, ensures flexibility in execution. The Department may use this flexibility and exercise its option to begin the buy-out of Maritime Prepositioning Ships (MPS). We currently have thirteen MPS vessels under long-term charter and operating contracts. Two of the three operating contractors have re-negotiated their contracts to reflect current market prices. If the Military Sealift Command continues to be unsuccessful in renegotiating a fair profit rate with the third contractor, the Department will begin to purchase these vessels from current unobligated balances in the Fund. If this action is taken, additional

funding must be identified for financing the full-funding requirements of the prepositioning / surge ships under contract.

Table 25 provides summary financial data for the National Defense Sealift Fund.

Table 25

**Department of the Navy
National Defense Sealift Fund
(In Millions of Dollars)**

	FY 1994		FY 1995		FY 1996		FY 1997	
	QTY	\$	QTY	\$	QTY	\$	QTY	\$
<i>Sealift Acquisition</i>								
<i>Prepositioning/Surge</i>	2	288.8	2	546.4	2	596.1	2	603.8
<i>MPS (Enhancement)</i>			1	110.0				
<i>RRF</i>	--	--	--	43.0	--	359.0	--	300.0
<i>Transfer to CVN-76</i>		1,200.0						
<i>Transfer to MARAD</i>		50.0						
<i>R&D</i>	--	2.0	--	--	--	19.1	--	9.6
Total: NDSF	2	1,540.8	3	699.4	2	974.2	2	913.4

BASE REALIGNMENT AND CLOSURE ACCOUNTS

BRAC I - No additional funds are budgeted for BRAC I. In FY 1995, the Department will continue to proceed with operational closure and related cleanup efforts using available FY 1993 and prior funds. Only one closure, Naval Station Puget Sound (Sand Point), remains to be completed with deactivation scheduled for late FY 1995.

BRAC II - Base Realignment and Closure II costs have been reestimated and reflect a decrease in the number of major and minor closures and realignments remaining to be completed. Of the 36 bases covered by BRAC II, 18 are operationally closed. An additional 6 facilities will complete closure or realignment by late FY 1995, with the remaining completing closure within the timeframe of the law.

BRAC III - Base Realignment and Closure III costs reflect the closure or realignment of over 90 naval facilities. The Department is committed to make closing facilities available to community reuse groups as fast as possible while reducing shore support structure in consonance with the reduced force structure. The BRAC III budget represents a large initial investment, however, we gain over \$1 billion per year in steady-state savings. New and innovative methods of executing BRAC funds have been developed and are in place. Contracts to prepare National Environmental Policy Act documentation and construction designs have already been awarded. A total of 26 Environmental Baseline Surveys are underway at BRAC III bases and environmental compliance capabilities have been increased by award of contracts specifically targeted for environmental work. The BRAC III budget request represents the minimum funding required to implement closures and realignments.

BRAC IV - Reflects a preliminary estimate of potential funding requests that may result from future actions.

Table 26 reflects anticipated costs for FY 1996 and FY 1997 for Base Closure I, II, III and IV. A summary of these costs is shown in the table below.

Table 26

**Department of the Navy
Base Realignment and Closure Accounts
(In Millions Of Dollars)**

COSTS	FY 1994	FY 1995	FY 1996	FY 1997
BRAC I	--	--	--	--
BRAC II	658.6	322.8	422.7	104.4
BRAC III	784.5	1,438.5	1,573.2	914.3
BRAC IV	--	--	509.1	391.0

Note: Costs for BRAC I & II are reflected in the Defense-wide portion of the DoD budget, and are not included in DON budget totals reflected elsewhere in this document.

SECTION IV

CIVILIAN PERSONNEL

The Department of the Navy budget includes the following civilian end strength estimates:

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
End Strength	269,100	254,154	240,677	230,658

The budget reflects the continued downward trend of the civilian work force both at headquarters and field activities as a result of force structure downsizing, and management efficiency savings.

The majority of the civilian employees of the Department of the Navy are directly related to our readiness posture. Fifty-three percent of the civilians work at DBOF funded activities where the largest component supports depot level maintenance and repair of ships, aircraft, and associated equipment. Many of the civilians employed at activities funded directly by Operation and Maintenance appropriations such as ship repair facilities and Naval and Marine Corps air stations and bases also contribute directly to operational readiness. The balance provide essential support in functions such as training, medical care, and the engineering, development, and acquisition of weapons systems, all of which have a definite, although longer range impact on readiness. Civilians also support quality-of-life initiatives for the Department's military members and dependents.

The budget for civilian personnel declines by over 38,000 end strength between FY 1994 and FY 1997 and by over 59,000 end strength through 2001. This complies with the Federal Workforce Restructuring Act of 1994 to reduce civilians by approximately four percent per year. A reduction of almost 27,000 civilians through FY 2001 results from BRAC II and III decisions. At bases where an earlier closure is feasible, the Department has accelerated the closure date resulting in the achievement of over eighty percent of the civilian reductions by the end of FY 1996. Associated civilian high grade reductions comply with Executive Order 12839. Similarly, Management Headquarters organizations reflect adjustments to comply with Section 906 of the FY 1991 Defense Authorization Act and are budgeted to further decline by an additional four percent

per year through FY 1997. These civilian manpower reductions reflect the infrastructure downsizing consistent with force reductions and requirements while preserving the capacity necessary to meet our readiness requirements.

While the Department is downsizing, additional efficiencies are reflected in our budget estimates to capture savings as a result of the Department's implementation of innovative ideas based on "National Performance Review" recommendations that will improve our way of doing business in the future . Civilian resources are reduced in FY 1997 and the outyears to reflect these efficiencies. Achievement of these savings is predicated on establishment of more flexible procedures for outsourcing and changing personnel regulations that inhibit the more efficient use of civilian manpower.

A summary display of total DON Civilian Personnel resources is provided as Table 27.

Table 27
**Department of the Navy
Civilian Manpower
End Strength**

	FY 1994	FY 1995	FY 1996	FY 1997
Total -- DON	<u>269,100</u>	<u>254,154</u>	<u>240,677</u>	<u>230,658</u>
<u>By Service</u>				
Navy	250,809	235,771	222,456	212,424
Marine Corps	18,291	18,383	18,221	18,234
<u>By Type Of Hire</u>				
Direct	258,657	243,481	230,006	219,939
Indirect Hire, Foreign National	10,443	10,673	10,671	10,719
<u>By Appropriation/fund</u>				
Operation and Maintenance, Navy	89,701	89,287	88,307	85,212
Operation and Maintenance, Navy Reserve	2,721	2,672	2,637	2,629
Operation and Maintenance, Marine Corps	15,987	16,173	16,256	16,329
Operation and Maintenance, Marine Corps Reserve	154	161	161	161
Total -- Operation and Maintenance	108,563	108,293	107,361	104,331
Total -- DBOF	155,970	141,027	128,885	121,879
Military Construction, Navy	2,526	2,695	2,326	2,374
Research, Development, Test & Evaluation, Navy	1,921	2,021	1,987	1,956
Military Assistance	120	118	118	118
Total -- Other	4,567	4,834	4,431	4,448
<u>Special Interest Areas</u>				
Fleet Activities	29,699	30,860	29,733	28,686
Shipyards	41,852	34,870	29,509	26,994
Aviation Depots	17,145	14,797	12,969	12,177
Supply/Distribution/Logistics Centers	10,852	9,502	7,166	6,797
Warfare Centers	49,469	47,157	45,061	42,572
Engineering/Acquisition Commands	21,360	20,286	19,946	19,343
Medical	12,855	13,005	12,509	12,079
Administration	2,964	2,809	2,769	2,548

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SECTION V

FINANCIAL SUMMARY

Total Obligational Authority (TOA) has been used throughout this book to express the amounts in the Department of the Navy budget because it is the most accurate reflection of program value. While TOA amounts differ only slightly from Budget Authority (BA) in some cases, they can differ substantially in others.

The differences in TOA and BA, as evidenced in the table below, result from a combination of several factors.

TOA vs BA

(In Millions of Dollars)

	FY 1994	FY 1995	FY 1996	FY 1997
Offsetting Receipts	-158.0	-259.0	-209.0	-209.0
Trust and Interfund	2.2	1.4	1.6	1.5
Financing Adjustments	-24.8	-1,350.9	-26.0	-15.0
Expiring Balances	94.4	--	--	--
Land Sales Revenue	--	--	--	-483.0
Total	-86.2	-1,608.5	-233.4	-705.5

Offsetting Receipts are reflected in BA but not in TOA. Offsetting Receipts include such things as donations to the Navy and Marine Corps, recoveries from foreign military sales, deposits for survivor annuity benefits, interest on loans and investments, rents and utilities, and changes made under the Freedom of Information Act.

Trust Fund totals are also included in BA but not in TOA. These accounts include funds established for the Navy General Gift Fund, Office of Naval Records and History Fund, Naval Academy General Gift Fund, and the Naval Academy Museum Fund.

Financing Adjustments account for the majority of the differences between TOA and BA. Generally, funding changes are scored as budget authority adjustments in the fiscal year in which the change itself is effective; for TOA purposes, changes are reflected as adjustments to a specific program year, based on the original

appropriation. For example, FY 1995 Congressional action provided for the transfer of \$1.2 billion in FY 1994 National Defense Sealift Fund budget authority to FY 1995 Shipbuilding and Conversion, Navy account. Reappropriations and rescissions involving prior year programs and transfers to prior year programs are all examples of financing adjustments reflected against different fiscal periods as BA and TOA. Revolving fund and foreign currency transfers are other examples of financing adjustments which count differently in TOA and BA.

Expiring Balances also contribute to the differences as they represent BA available for FY 1994 annual accounts (Personnel and Operation and Maintenance), but not, for a variety of reasons, obligated prior to the end of the fiscal year. These amounts are therefore not included as part of the actual direct TOA for the fiscal year.

Land Sales Revenue represents anticipated proceeds to the U. S. Government from the sale of properties at Navy and Marine Corps activities scheduled for closure. The properties may transfer to another federal agency, state or local government at fair market value or discounted under a variety of statutory programs. The estimate for Land Sales Revenue assumes these properties will be sold at fair market value.

The TOA and BA levels for FY 1994 through FY 1997 along with DON outlay estimates, are summarized in Table 28.

Table 28

**Department of the Navy
Comparison Direct Budget Plan (TOA), Budget Authority, and Outlays
(In Millions of Dollars)**

Account	TOA			Budget Authority			Outlays		
	FY 1994	FY 1995	FY 1996	FY 1994	FY 1995	FY 1996	FY 1994	FY 1995	FY 1996
MPN	18,546.5	17,569.2	16,930.6	18,547.5	17,569.2	16,930.6	18,562.1	17,822.9	16,413.4
MPMC	5,732.4	5,774.9	5,877.8	5,753.0	5,774.9	5,877.7	5,884.4	5,797.4	5,659.6
RPN	1,591.4	1,401.8	1,348.2	1,593.7	1,401.8	1,348.2	1,642.2	1,389.3	1,320.4
RPMC	344.1	348.7	361.8	346.8	348.7	361.8	353.0	329.4	354.3
O&M,N	20,853.9	21,328.6	21,225.7	20,844.2	21,328.6	21,225.7	20,286.5	20,384.2	21,216.3
O&M,MC	1,902.5	2,069.4	2,269.7	1,885.8	2,069.4	2,269.7	1,851.8	1,936.5	2,190.1
O&M,NR	757.3	831.3	826.0	761.0	831.3	826.0	801.6	762.3	806.9
O&M,MCR	91.2	82.0	90.3	91.4	82.0	90.3	74.5	85.2	88.5
Kaho'olawe Conveyance	--	--	--	--	50.0	--	--	0.5	11.0
Payment to Kaho'olawe	1.3	63.7	26.0	60.0	50.0	--	0.4	63.2	27.0
APN	5,488.8	4,599.8	3,886.5	5,394.5	4,234.1	3,886.5	6,826.4	5,609.5	4,964.4
WPN	2,947.6	2,083.4	1,787.1	2,797.3	2,014.4	1,787.1	4,046.8	3,300.9	2,725.9
SCN	4,195.2	6,574.5	5,051.9	4,730.3	6,965.2	5,051.9	9,132.1	8,093.9	7,295.8
OPN	2,894.7	3,274.3	2,396.1	2,775.2	3,181.5	2,396.1	5,679.0	3,947.9	3,225.4
PMC	442.9	418.2	474.1	428.1	411.6	474.1	833.7	642.5	570.5
CDAN	--	--	--	--	--	--	16.3	--	--
PANMC	--	414.8	--	--	414.8	--	--	124.5	99.6
RDT&E,N	8,191.4	8,694.7	8,204.6	8,205.9	8,653.1	8,204.5	7,990.2	8,654.4	8,457.7
Oth Rev & Mgt Fnd	--	--	--	--	--	--	7.4	--	--
NDSF	1,540.8	699.4	974.2	1,540.8	(500.6)	974.2	449.2	358.5	770.2
Total DOD Bill	75,522.0	76,228.7	71,730.6	75,755.6	74,880.0	71,704.6	84,437.8	79,302.9	76,197.0
MCON	668.1	399.3	488.1	545.0	397.1	488.1	563.9	659.2	567.4
MCNR	24.4	22.7	7.9	24.4	22.7	7.9	21.9	37.7	37.5
BRC	784.5	1,438.5	2,082.3	784.5	1,438.5	2,082.3	228.2	465.4	898.4
FH(Con)	371.2	267.5	465.8	329.8	267.5	465.8	155.6	315.4	327.6
FH(Ops)	771.5	937.6	1,048.3	772.1	937.6	1,048.3	675.1	868.3	989.9
Total MILCON Bill	2,619.7	3,065.6	4,092.4	2,455.7	3,063.4	4,092.4	1,644.7	2,346.0	2,820.8
Offsetting Receipts	--	--	--	-158.0	-259.0	-209.0	-158.0	-259.0	-209.0
Trust and Interfund	--	--	--	2.2	1.4	1.6	2.9	0.5	0.5
Total, DON	78,141.7	79,294.3	75,823.0	78,055.5	77,685.8	75,589.6	85,927.3	81,390.4	78,809.3
									76,755.5

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